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84TH CONGRESS
1ST SESSION

H. R. 1

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1955

Mr. COOPER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Trade Agreements Ex-
4 tension Act of 1955".

5 SEC. 2. The period during which the President is au-
6 thorized to enter into foreign trade agreements under sec-
7 tion 350 of the Tariff Act of 1930, as amended (19 U. S. C.,
8 sec. 1351), is hereby extended from June 12, 1955, until
9 the close of June 30, 1958.

10 SEC. 3. (a) Subsection (a) of section 350 of the Tariff

1 Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is
2 hereby amended to read as follows:

3 “(a) (1) For the purpose of expanding foreign markets
4 for the products of the United States (as a means of assist-
5 ing in establishing and maintaining a better relationship
6 among various branches of American agriculture, industry,
7 mining, and commerce) by regulating the admission of
8 foreign goods into the United States in accordance with the
9 characteristics and needs of various branches of American
10 production so that foreign markets will be made available
11 to those branches of American production which require and
12 are capable of developing such outlets by affording corre-
13 sponding market opportunities for foreign products in the
14 United States, the President, whenever he finds as a fact
15 that any existing duties or other import restrictions of the
16 United States or any foreign country are unduly burdening
17 and restricting the foreign trade of the United States and
18 that the purpose above declared will be promoted by the
19 means hereinafter specified, is authorized from time to time—

20 “(A) To enter into foreign trade agreements with
21 foreign governments or instrumentalities thereof con-
22 taining provisions with respect to international trade,
23 including provisions relating to tariffs, to most-favored-
24 nation standards and other standards of nondiscrimina-
25 tory treatment affecting such trade, to quantitative im-

1 port and export restrictions, to customs formalities, and
2 to other matters relating to such trade designed to
3 promote the purpose of this section similar to any of
4 the foregoing: *Provided*, That, except as authorized by
5 subparagraph (B) of this paragraph, no such provision
6 shall be given effect in the United States in a manner
7 inconsistent with existing legislation of the United
8 States.

9 “(B) To proclaim such modifications of existing
10 duties and other import restrictions, or such additional
11 import restrictions, or such continuance, and for such
12 minimum periods, of existing customs or excise treat-
13 ment of any article covered by foreign trade agreements,
14 as are required or appropriate to carry out any foreign
15 trade agreement that the President has entered into
16 hereunder.

17 “(2) No proclamation pursuant to paragraph (1)
18 (B) of this subsection shall be made—

19 “(A) Increasing by more than 50 per centum any
20 rate of duty existing on January 1, 1945.

21 “(B) Transferring any article between the dutiable
22 and free lists.

23 “(C) In order to carry out a foreign trade agree-
24 ment entered into by the President before June 12,

1 1955, decreasing by more than 50 per centum any rate
2 of duty existing on January 1, 1945.

3 “(D) In order to carry out a foreign trade agree-
4 ment entered into by the President on or after June
5 12, 1955, decreasing (except as provided in subpara-
6 graph (E) of this paragraph) any rate of duty below
7 the lowest of the following rates:

8 “(i) The rate 15 per centum below the rate
9 existing on July 1, 1955.

10 “(ii) In the case of any article which the
11 President determines, at the time the foreign trade
12 agreement is entered into, is not being imported
13 into the United States or is being imported into the
14 United States in negligible quantities, the rate 50
15 per centum below the rate existing on January 1,
16 1945.

17 “(iii) In the case of any article subject to an
18 ad valorem rate of duty above 50 per centum (or
19 a combination of ad valorem rates aggregating
20 more than 50 per centum), the rate 50 per centum
21 ad valorem (or a combination of ad valorem rates
22 aggregating 50 per centum). In the case of any
23 article subject to a specific rate of duty (or a com-
24 bination of rates including a specific rate) the ad
25 valorem equivalent of which has been determined

1 by the President to have been above 50 per centum
2 during a period determined by the President to be a
3 representative period, the rate 50 per centum ad
4 valorem or the rate (or a combination of rates),
5 however stated, the ad valorem equivalent of which
6 the President determines would have been 50 per
7 centum during such period. The standards of valua-
8 tion contained in section 402 of this Act (as in
9 effect during the representative period) shall be
10 utilized by the President, to the maximum extent
11 he finds such utilization practicable, in making the
12 determinations under the preceding sentence.

13 “(E) In order to carry out a foreign trade agree-
14 ment entered into by the President on or after June
15 12, 1955, to which the Government of Japan is a party
16 and with respect to which notice of intention to nego-
17 tiate was published on November 16, 1954 (19 F. R.
18 7379), if the President determines that such decrease
19 is necessary in order to provide expanding export mar-
20 kets for products of Japan (including such markets in
21 third countries), decreasing by more than 50 per centum
22 any rate of duty existing on January 1, 1945.

23 “(3) (A) Subject to the provisions of subparagraphs
24 (B) and (C) of this paragraph, the provisions of any proc-
25 lamation made under paragraph (1) (B) of this subsection,

1 and the provisions of any proclamation of suspension under
2 paragraph (5) of this subsection, shall be in effect from
3 and after such time as is specified in the proclamation.

4 “(B) In the case of any decrease in duty to which
5 paragraph (2) (D) of this subsection applies—

6 “(i) if the total amount of the decrease under the
7 foreign trade agreement does not exceed 15 per centum
8 of the rate existing on July 1, 1955, the amount of
9 decrease becoming initially effective at one time shall
10 not exceed 5 per centum of the rate existing on July 1,
11 1955;

12 “(ii) except as provided in clause (i), not more
13 than one-third of the total amount of the decrease under
14 the foreign trade agreement shall become initially effective at one time; and

15 “(iii) no part of the decrease after the first part
16 shall become initially effective until the immediately
17 previous part shall have been in effect for a period or
18 periods aggregating not less than one year.

19 “(C) No part of any decrease in duty to which the
20 alternative specified in paragraph (2) (D) (i) of this sub-
21 section applies shall become initially effective after the expi-
22 ration of the three-year period which begins on July 1, 1955.
23 If any part of such decrease has become effective, then for
24 purposes of this subparagraph any time thereafter during
25

1 which such part of the decrease is not in effect by reason
2 of legislation of the United States or action thereunder shall
3 be excluded in determining when the three-year period
4 expires.

5 “(D) If the President determines that such action will
6 simplify the computation of the amount of duty imposed
7 with respect to an article, he may exceed any limitation
8 specified in paragraph (2) (D) or (E) of this subsection
9 or subparagraph (B) of this paragraph by not more than
10 whichever of the following is lesser:

11 “(i) The difference between the limitation and the
12 next lower whole number, or

13 “(ii) One-half of 1 per centum ad valorem.

14 In the case of a specific rate (or of a combination of rates
15 which includes a specific rate), the one-half of 1 per
16 centum specified in clause (ii) of the preceding sentence
17 shall be determined in the same manner as the ad valorem
18 effect of rates not stated wholly in ad valorem terms is
19 determined for the purposes of paragraph (2) (D) (iii)
20 of this subsection.

21 “(4) In exercising his authority under this section, the
22 President shall avoid, to the maximum extent he deems
23 practicable and consistent with the purpose of this section,
24 the subdivision of classification categories.

25 “(5) Subject to the provisions of section 5 of the Trade

1 Agreements Extension Act of 1951 (19 U. S. C., sec.
2 1362), duties and other import restrictions proclaimed pur-
3 suant to this section shall apply to articles the growth, prod-
4 uce, or manufacture of all foreign countries, whether im-
5 ported directly or indirectly: *Provided*, That the President
6 may suspend the application to articles the growth, produce,
7 or manufacture of any country because of its discriminatory
8 treatment of American commerce or because of other acts
9 (including the operations of international cartels) or policies
10 which in his opinion tend to defeat the purpose of this
11 section.

12 “(6) The President may at any time terminate, in
13 whole or in part, any proclamation made pursuant to this
14 section.”

15 (b) The last sentence of section 350 (b) of the Tariff
16 Act of 1930, as amended (19 U. S. C., sec. 1351 (b)), is
17 hereby amended to read as follows: “No rate of duty on
18 products of Cuba shall be decreased—

19 “(1) In order to carry out a foreign trade agree-
20 ment entered into by the President before June 12,
21 1955, by more than 50 per centum of the rate of duty
22 existing on January 1, 1945, with respect to products of
23 Cuba.

24 “(2) In order to carry out a foreign trade agree-
25 ment entered into by the President on or after June 12,

1 1955, below the applicable alternative specified in sub-
2 section (a) (2) (D) or (E) (subject to the provisions
3 of subsection (a) (3) (B), (C), and (D)), each such
4 alternative to be read for the purposes of this paragraph
5 as relating to the rate of duty applicable to products of
6 Cuba. With respect to products of Cuba, the limitation
7 of subsection (a) (2) (D) (iii) may be exceeded to
8 such extent as may be required to maintain an abso-
9 lute margin of preference to which such products are
10 entitled.”

11 (c) Subsection (c) of section 350 of the Tariff Act
12 of 1930, as amended (19 U. S. C., sec. 1351 (c)), is
13 hereby amended by inserting “(1)” after “(c)”, by striking
14 out “(1)” and inserting in lieu thereof “(A)”, by striking
15 out “(2)” and inserting in lieu thereof “(B)”, and by
16 adding at the end thereof the following new paragraph:

17 “(2) For purposes of this section—

18 “(A) Except as provided in subsection (d)
19 and subparagraph (C) of this paragraph, the terms
20 ‘existing on January 1, 1945’ and ‘existing on July
21 1, 1955’ refer to rates of duty (however established,
22 and even though temporarily suspended by Act of
23 Congress or otherwise) existing on the date speci-
24 fied, except rates in effect by reason of action taken

1 pursuant to section 5 of the Trade Agreements
2 Extension Act of 1951 (19 U. S. C., sec. 1362).

3 “(B) The term ‘existing’ without the specifica-
4 tion of any date, when used with respect to any
5 matter relating to the conclusion of, or proclamation
6 to carry out, a foreign trade agreement, means
7 existing on the day on which that trade agreement
8 is entered into.

9 “(C) In applying paragraphs (2) (D) (i)
10 and (3) (B) (i) of subsection (a), the rate of
11 duty on an article included in a foreign trade agree-
12 ment with respect to which notice of intention was
13 published on November 16, 1954 (19 F. R. 7379),
14 if such agreement is entered into before July 1,
15 1955, shall be considered to be the rate ‘existing on
16 July 1, 1955’.”

17 (d) Section 350 of the Tariff Act of 1930, as amended
18 (19 U. S. C., sec. 1351), is hereby amended by adding at
19 the end thereof the following new subsection:

20 “(e) The President shall submit to the Congress an
21 annual report on the operation of the trade agreements pro-
22 gram, including information regarding new negotiations,
23 modifications made in duties and import restrictions of the
24 United States, reciprocal concessions obtained, modifica-
25 tions of existing trade agreements in order to effectuate more

1 fully the purposes of the trade agreements legislation (in-
2 cluding the incorporation therein of escape clauses), and
3 other information relating to that program and to the
4 agreements entered into thereunder.”

5 SEC. 4. Subsection (b) of section 6 of the Trade Agree-
6 ments Extension Act of 1951, as amended (19 U. S. C.,
7 sec. 1363 (b)), is hereby amended by striking out the
8 second sentence thereof.

9 SEC. 5. (a) In the case of any article which the Presi-
10 dent determines is not being imported into the United States
11 or is being imported into the United States in negligible
12 quantities, the President is authorized to decrease by procla-
13 mation the rate of duty by not more than 50 per centum of
14 the rate existing on January 1, 1945. The President may
15 take action under this subsection, notwithstanding that such
16 action is not required or appropriate to carry out any foreign
17 trade agreement, if he finds as a fact that the purpose of
18 section 350 of the Tariff Act of 1930, as amended, will be
19 promoted thereby.

20 (b) The President shall take action under subsection
21 (a) in conformity with the applicable statutory provisions
22 relating to the entering into and proclamation of foreign
23 trade agreements (such as public notice, public hearings,
24 “peril points”, limitations on amounts and timing of de-
25 creases, and other applicable provisions). The applicable

1 statutory provisions relating to the carrying out, modifica-
2 tion, suspension, and termination of foreign trade agree-
3 ments and proclamations made pursuant thereto shall apply
4 to proclamations made pursuant to subsection (a), and to
5 decreases in rates provided for therein, as though such proc-
6 lamations had been made to carry out foreign trade agree-
7 ments and as though the decreases reflected concessions
8 granted under such agreements. Appropriate procedures for
9 carrying out this section shall be established by the Presi-
10 dent on the basis of his determination as to the details of the
11 statutory provisions which are applicable.

12 (c) For purposes of this section, the term "existing
13 on January 1, 1945" shall have the meaning given to such
14 term by section 350 of the Tariff Act of 1930, as amended.

15 (d) No proclamation shall be made pursuant to sub-
16 section (a) of this section after June 30, 1958.

A BILL

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

By Mr. COOPER

JANUARY 5, 1955

Referred to the Committee on Ways and Means

before enough premature infants were born so that results of the study would be statistically valid. If the vital answer were to be obtained as rapidly as possible—and with children blinded each day by retrolental fibroplasia, speed was essential—then a number of hospitals working on the same problem at the same time under the same strict scientific rules of evidence would be needed.

Such a study as this would require considerable funds. The National Institute of Neurological Diseases and Blindness with its increased appropriations could now make most of the funds available. Just as important to muster the combined research strength of a large number of distinguished investigators would require organizational capacity of a high order. Through its grantees, however, the Institute had access to some of the leading scientists in the country who might participate in the investigation. With the creation of a subcommittee composed of some of those scientists who worked closely with the Institute, so was born one of the broadest research studies on a single medical problem ever conceived.

The results of this study you now know. That study, you should know, cost the Government just \$40,000. To this sum was added another \$11,000 by the National Foundation for Eye Research and the National Society for the Prevention of Blindness. It appears that the cause of blindness for 5,000 babies has been prevented at a cost of \$51,000—\$10.50 per baby blinded from this cause in this country. The cost of care for 5,000 blind babies will be, for our generation, 100,000 times the cost of the prevention for the future. It appears that we have also removed one more source of pain and misery from the world.

The scientific attack on disease is not always so productive so rapidly. Yet there can be no question that the more effort science can devote to medical problems, the more successful science can be. Let science, through us, in short, attack the dreadful problems of glaucoma, cataract, and diabetic retinopathy on the scale these problems deserve and we count on their answers too—sooner rather than later.

Higher Pay Scale Could Improve Congress Caliber

EXTENSION OF REMARKS OF

HON. GLENN R. DAVIS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 6, 1955

Mr. DAVIS of Wisconsin. Mr. Speaker, I am happy to note a substantial amount of recent discussion of the oft-mentioned but oft-postponed salary increases for Members of Congress. Every responsible group which has recently studied this question has recommended substantial pay increases. It is my personal feeling that Members of Congress

should receive the same pay as Members of the President's Cabinet.

Because it demonstrates an intelligent understanding of this problem, I am inserting herewith an editorial written by Gib Koenig, which appeared in the Waukesha (Wis.) Freeman, my hometown newspaper:

HIGHER PAY SCALE COULD IMPROVE CONGRESS CALIBER

A much needed and long overdue pay increase for Congressmen and Federal judges may meet with favor in the new Congress. Representative FRANCIS E. WALTER, of Pennsylvania, announces he will introduce a bill raising congressional pay from \$15,000 to \$27,500, with larger expense allowances. The judges will profit by increases of \$12,500 to \$14,500. This would give some judges salaries as high as \$40,000; others would be close to \$30,000. These sums will raise an outcry from the unthinking who themselves have never been paid \$25,000 a year, and see no reason why anyone else should. They would be willing to serve in Congress for \$15,000, and think the present Representatives should not mind doing so. They overlook the fact that men of real competence could earn more than that in private practice of their businesses or professions. While public spirit causes many to hold office at a sacrifice, public spirit does not move many to stay in politics when it means hardships for their families.

All congressional pay is not pure velvet. Many expenses go with the position. \$15,000 is not nearly so large a sum for Congressmen as it looks.

Is Our Defense Policy Based on the Nation's Needs or on Questionable Campaign Promises?

EXTENSION OF REMARKS OF

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 6, 1955

Mr. TEAGUE of Texas. Mr. Speaker, I wish to call attention to a column by Mr. Roscoe Drummond which appeared in the Washington Post and Times Herald on January 5, 1955. Mr. Drummond predicts that the administration's cut in military manpower will not go unchallenged and states that he has information that the proposed cut in military manpower was not approved by the Joint Chiefs of Staff, the Secretary of the Army, or the Secretary of the Navy, and that these cuts were originally opposed by the Secretary of Defense until he was ordered to approve them. Mr. Drummond states that the only reason given for making the cuts was the desire of the administration to bring the budget more nearly into balance.

The defense of our country must not be jeopardized for the purpose of attempting to place certain campaign promises of the administration in a more favorable light. The article to which I refer appears below:

WHY THE DEFENSE CUT?—REAL REASONS HELD NOT GIVEN

(By Roscoe Drummond)

The Eisenhower administration is not yet giving the American people either a candid

or a full explanation of why it is reducing by 400,000 the manpower strength of the Armed Forces by June 1956.

It will have to be franker and more persuasive than it has thus far if it is to convince the country and the Congress that its drastic reduction is wise at this time.

The administration will have to lay out its real reasons at its own initiative—or Congress will extract those reasons, painfully and piecemeal, from uncomfortable witnesses when the military committee goes to committee.

Senator RICHARD B. RUSSELL (Democrat, Georgia), who, with the convening of the new Congress, resumes his post this week as chairman of the Senate Armed Services Committee, is quite properly calling for an inquiry into why we are making such a large cut in the Army at a time of atomic stalemate.

"We are certainly going into this very thoroughly," says Senator RUSSELL, himself one of the most responsible men in the Senate, "and get the views and the reasoning of those who are proposing the reduction."

Senator RUSSELL does not say he cannot be persuaded that this manpower reduction is sound, but it is plain that he is not satisfied with the reasons so far advanced.

And what are those reasons?

Secretary of Defense Charles E. Wilson cited as reason for the proposed cuts the assumption that the danger of war in the visible future has lessened.

Secretary of State John Foster Dulles cited as reason for the reductions the view that the technological improvements in weapons makes it possible to achieve equal defense with fewer men.

It does seem odd that the two leading spokesmen of the administration should give such divergent reasons for cutting the Army, Navy, and Marines. Are they offering half-truths, which means that they are half untrue? Or are they incidental truths but not the controlling reasons? Why do the official explainers diverge so in their explanations?

The explanations are not, I believe, half-truths, but even when added together are not more than two-tenths of the whole truth.

The argument can be made that there is less danger of war than there was a year ago, but this is a very speculative judgment which could not possibly be a controlling basis for national policy.

There are technological improvements in weapons, but at a time when we may not always find it in our national interest to use atomic weapons to defend against possible aggressions; it is doubtful that these improvements constitute a controlling reason for sharply reducing the size of the Army.

If these reasons are not controlling, what then? Why does the administration propose to drop 400,000 men out of the Armed Forces during the next 18 months?

My information is:

That the proposed manpower reduction does not have the support of the Joint Chiefs of Staff.

That it is opposed by the civilian Secretary of the Army, Robert T. Stevens, and the civilian Secretary of the Navy, Charles S. Thomas.

That the Pentagon decision against such cuts was originally indorsed by Secretary of Defense Charles E. Wilson, who held to it until ordered otherwise.

That the only reason given to the Pentagon for making the cuts was the desire of the administration to bring the budget more nearly into balance.

Perhaps a case can be made to hold up that it is more important to our economy to trim the size of the Army than it is to our security to maintain the size of the Army, but this case has certainly not been made. Perhaps President Eisenhower, viewing our defensive capacities from his long career as

a military commander, can certify to the Nation that the manpower cuts are prudent. But there can be no doubt that Mr. Eisenhower as President and as Commander in Chief must soon begin to expound his decision frankly and explicitly.

Moro Province Bill

EXTENSION OF REMARKS OF

HON. RUSSELL V. MACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 6, 1955

Mr. MACK of Washington. Mr. Speaker, I reintroduced in the House today the bill which is commonly known as the Moro Province bill.

This bill is designed to provide long-delayed justice to a small group of less than 500 war veterans and to less than 300 of their dependent widows and children.

The 500 veterans who will benefit from this legislation fought valiantly and nobly 50 years ago in the Moro Provinces and in the islands of Samar and Leyte in the Philippines. They have been deprived of pensions all of these years due to a minor technicality. The injustice done them can be corrected only by an act of Congress. To correct that injustice is the purpose of my Moro Province bill.

That the members of the Veterans' Committee, who have studied this bill closest and know most about the case, believe an injustice has been done and should be corrected is indicated by the fact that the House Veterans' Affairs Committee four times has approved unanimously bills to provide pensions to the Moro Province veterans.

In the 78th and 79th Democratic Congresses, the Veterans' Committee unanimously reported a Moro Province bill similar to the one which I introduced today.

In the 80th and 83d Republican Congresses, the Veterans' Committee, like the ones in previous democratically controlled Congresses, unanimously reported favorably bills similar to the Moro Province bill I have introduced.

In the 78th Congress, the Moro Province bill was passed by both Houses of Congress, but was vetoed by President Roosevelt. In the 79th Congress, the House again passed this bill, but it died for lack of action in the Senate.

In the 80th and 83d Congresses, the Veterans' Committee again unanimously approved a Moro Province bill. The Rules Committee, however, held up these bills, and they never were reported for House action.

The cost of the Moro Province bill for its first year was estimated at about \$700,000. This figure will decrease rapidly after the first year since the Moro veterans are of an average age of 78 years.

The case for the Moro Province bill is this:

Technically and legally, the war with Spain and the Philippine Insurrection

ended on July 4, 1902, when the President issued a proclamation of peace. Actually, however, the fighting did not stop. It continued for several years in the Moro Provinces and on Leyte and Samar. American soldiers fought there. A total of 1,548 casualties and deaths from disease occurred. Soldiers engaged in this fighting received 13 Congressional Medals of Honor.

Despite the severity of the fighting and the many casualties these veterans never have been recognized as wartime fighters and have been denied veteran pension rights. Half a century has elapsed since the hostilities. The Moro Province bill which I introduced today would merely provide delayed justice to the handful of Moro veterans who are still alive. The cost is very small.

These veterans have been denied war status and pensions because officially the war had, by proclamation, been terminated. Recently, soldiers in Korea have been granted war and pension rights even for services rendered after the fighting had stopped. Here in the Moro Province and on Samar and Leyte, where the fighting continued after the proclamation of peace, veterans are denied pensions.

Obviously, justice to these Moro Province war veterans has been overlooked. This injustice should be corrected even if Congress is 50 years late in doing so.

I hope that the House Veterans' Committee will report my Moro Province bill favorably and that the Rules Committee will permit it to come to a vote. I am sure that if it is permitted to come to a vote the Moro Province bill will, as it did in two previous sessions, be approved unanimously or almost unanimously.

Reciprocal Trade Agreements

EXTENSION OF REMARKS

OF

HON. JERE COOPER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 6, 1955

Mr. COOPER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement:

CHAIRMAN JERE COOPER OF THE COMMITTEE ON WAYS AND MEANS INTRODUCES H. R. 1, PROVIDING FOR A 3-YEAR EXTENSION OF THE PRESIDENT'S AUTHORITY TO ENTER RECIPROCAL TRADE AGREEMENTS

Chairman JERE COOPER, Committee on Ways and Means, today introduced H. R. 1, which would extend for 3 years the President's authority to enter trade agreements. The bill is patterned along the lines of the President's recommendations to the last Congress on foreign economic policy of the United States, which were based on the findings and recommendations of the Randall Commission.

In addition to the 3-year extension, H. R. 1 would authorize the President to reduce duties in three alternative ways: (1) 15 percent below the July 1, 1955, rates by reductions of not more than 5 percent in each of the 3 years under the extension; or (2) to 50 percent of the rate existing on January 1, 1945, in the cases of items which are not

being imported or which are being imported only in negligible quantities; or (3) to 50 percent ad valorem, in the case of any rates now in excess of 50 percent ad valorem.

As under the first alternative, the reductions under the other alternatives would be gradual with no reduction becoming effective until the previous one had been in effect for a year. In the case of the first alternative authority, no decrease could be made effective after June 30, 1958.

The bill would also require the President to report annually on the trade-agreements program, and would authorize the President to reduce duties by 50 percent below the January 1, 1945, rate unilaterally in the case of products which are not being imported or which are being imported only in negligible quantities.

Mr. COOPER stated:

"Our trade-agreements program is now at the crossroads. Through such programs as economic aid, technical assistance, and our efforts to bolster production in the free nations of the world, we have helped reestablish their war-torn economies. These nations are now in a position where they can and are willing to stand on their own feet. We must try to, on our part, help lay the foundations on which a stable foreign trade can be built. If we do not permit the free nations to trade with us, they will be forced to trade elsewhere, and in many cases this can only mean Russia and her satellites.

"Our reciprocal trade agreements program occupies a prominent place in our overall foreign policy, and it is essential that we reaffirm at this time our determination to continue and to liberalize this program in the interest of constructive and cooperative international effort and relations. The foreign policy of the United States depends to a great extent upon the cooperation of strong and healthy free nations. Our tariff and trade policies are especially significant because of our outstanding position of leadership and economic importance. We must help the free nations in every way possible to find the means with which to earn dollars by which to buy our exports. Otherwise their shortages of dollars will force them to restrict imports from us, and this will result in a further loss of our export markets which will mean less wages to labor, profits to businesses and farmers, and taxes to our Government.

"The main way in which we can help provide dollars to the free nations with which to buy our goods is to buy imports from them. With world conditions being what they are today, none of the free nations can afford to become either economically, politically, or militarily isolated from the others. One of the best known tenets of communism is that the way to divide and conquer the free nations of the world is through trade wars. Russia and the countries which she dominates are making an all-out effort to encourage the free nations to trade with them.

"A realistic foreign trade policy on our part will contribute to an expanding world economy, establish and maintain in all the free countries rising levels of employment and real income and create economic conditions which are conducive to world peace. We must strive, in making our decisions on foreign-trade policy, to base them to the maximum extent possible on our national interests. Such a policy will benefit all segments of our economy—agricultural, labor, and industrial alike.

"In my opinion, H. R. 1 is a modest though realistic step in the direction of an expanded market for our exports, while at the same time permitting free nations to earn their own way by increasing their exports to us. I do not now, nor have I ever, advocated the surrendering of our markets to foreign goods; however, I do feel that we can—through enactment of H. R. 1—greatly strengthen the economies of the free world as well as our

own, while at the same time still providing realistic protection for our own industries and agriculture.

"A realistic and constructive foreign-trade policy on the part of all the free nations of the world is more important today than it has ever been in the past. If we fall on our part to do our share to bring about such a foreign-trade policy, the other free nations of the world will despair in their cooperative efforts with us to fight communistic aggression and subversion. Our position of leadership in the world today demands that we be a moving factor in expanding world trade."

Keep Your Guard Up

EXTENSION OF REMARKS

OF

HON. ERRETT P. SCRIVNER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 6, 1955

Mr. SCRIVNER. Mr. Speaker, on December 18, 1954, I had the pleasure and privilege of making the dedicatory address at the ceremony dedicating the Kansas National Guard Armory, at Ottawa, Kans., the future home of Headquarters Battery, 127th Field Artillery Battalion, Capt. Thomas E. Gleason, commanding.

As I began my remarks, which follow, jet planes, flown by Air National Guard men, roared over in salute:

If I were to give my remarks any title—I would call it "Keep Your Guard Up," for in this world of international conflict, just as in the fight ring, any relaxation in our defense might very well give any determined enemy the opening he has looked and waited for. Those jets which have just roared overhead are proof of the modernization of the National Guard.

To many, a small local unit of the National Guard may seem unimportant. If it were the only such unit it might be—but this battery is but one of thousands throughout the country—all of which put together makes up 27 divisions of ground troops, to which we can add 27 Air National Guard wings—a very vital and important part of our entire national defense.

The National Guard is not new—it is the successor to the old militia—the Minute Men of the Revolutionary War—and the advance made in those long historic years is made evident in this very unit.

Once we heard the phrase that we can "call a million men to arms overnight." If that ever was true, even in the day and age of the soldier armed with a musket, it certainly is far from true today.

For today, the National Guard man, as you have seen in the parade, is equipped with modern complex weapons, which require skill to operate—and skill to maintain; motor vehicles by the thousands, instead of foot travel or animal traction; radio and other complex communications equipment, instead of the simple semaphore flags; complex electronic computers, instead of pencil and pad of paper; radar detection, instead of far-flung outposts, or clumsy observation balloons.

All of these new weapons, not to mention automatic hand weapons, recoilless artillery and so many other items including the Honest John rocket and NIKE antiaircraft installations require time to master their effective operation; they require adequate efficient classrooms, such as you'll find here.

Too much credit cannot be given these citizen soldiers of the National Guard, who give up their time from pleasures and families during the week, and their vacations in summer—all that this Nation may be secure. No one knows when again our Guard units will be called into Federal Service. Maybe tomorrow—maybe not till next year, 10 years from now; perhaps never. But whenever it is they will again perform their services as they have in the past.

In World War I, over one-quarter of the troops in combat in Europe were National Guard troops—including the 35th Division from Kansas and Missouri, in which I served as a private first class.

World War II saw 9 National Guard units in Europe, again the 35th was there, and 9 units in the Pacific. All of these turned in magnificent records of combat.

From the ranks of the National Guard came officers and noncommissioned officers to train new troops.

In fact, the contribution of the National Guard in both those wars was so great that one shudders to think what might have happened to our country without them ready to answer the call of their country.

Again, Korea made the need of National Guard units quite apparent.

With all of our Regular troops withdrawn from this country—National Guard troops were ready to defend the continental United States, if needed, just as they have always been, and now are ready to do.

Citizens of Ottawa can well be proud of their national guardsmen—and proud of themselves for the part they have played in making the new fine armory available—not only for training of this local unit, but available for community affairs of many kinds.

Looking at it from a selfish angle, you have made a good investment, not only in having well-trained military men in your midst, but from a financial angle as well. Every 3 months new money in the form of drill pay comes into town—and it turns over 7 times, which here in Ottawa means new business. It means greater national security, upon which the security of each individual depends.

So, I join with you in the joy you have in dedicating this building to the services of our State and Nation, to be used for the training of the youth of your community for service in time of peace—or war. Young men, who I am sure, will—in the future, as their fathers in the past—serve with loyalty, courage, and skill—serving in such a fine manner that they, and you, will have great pride in them and their exploits.

Though they will be prepared, and better prepared, with these facilities, than they would have been otherwise, let us hope—yes—let us fervently pray—that they need never be called upon to serve in time of war.

In conclusion, as a part of this dedication ceremony, I wish to present to Captain Gleason, battery commander, a United States flag, which, at my request, was recently flown over the United States Capitol.

This flag, no different from any other, is more than mere threads of red, white, and blue. In its folds are contained all of the past and future of this great Nation.

And, as Francis Scott Key said, in those closing words of our national anthem—

"Long may it wave o'er the land of the free and the home of the brave."

And it will wave long, because this is the land of the free and the home of the brave. Free because our men are brave.

Brave because they have faith.

Faith in themselves.

Faith in their country.

Faith in its future.

And above all because they have an abiding faith in God—the divine providence that has guided and guarded our beloved Republic.

Soil Conservation Service Should Not Be Crippled

EXTENSION OF REMARKS

OF

HON. STUART SYMINGTON

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Thursday, January 6, 1955

Mr. SYMINGTON. Mr. President, for myself and on behalf of my colleague, the distinguished senior Senator from Missouri [Mr. HENNINGSEN], I ask unanimous consent to have printed in the Appendix of the RECORD an article entitled "If Soil Conservation Service Is Crippled, Conservation Will Be Set Back by 20 Years," relating to the Soil Conservation Service. The article was written by one of the great farm leaders of Missouri and of the entire country, Mr. Fred V. Heinkel, president of the Missouri Farmers Association, and was published in the Missouri Farmer for January 1955.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IF SOIL CONSERVATION SERVICE IS CRIPPLED, CONSERVATION WILL BE SET BACK BY 20 YEARS

(By Fred V. Heinkel, president, Missouri Farmers Association)

Unless Congress intervenes, it looks as though the Soil Conservation Service may soon be broken up into 48 pieces, and its constructive program of conserving and rebuilding our valuable land resources wrecked.

The wrecking of Soil Conservation Service has been recommended by a subcommittee of President Eisenhower's Commission on Intergovernmental Relations. The recommendations of this subcommittee, which will be studied by the big committee, would discontinue Soil Conservation Service as a Federal program and pass it on to the 48 States, with funds to be on a matching basis. A transition period of 5 years is recommended for making the changes.

The subcommittee recommends that the transition to a grant-in-aid basis be effected along the following lines: (a) The transition period to be spread over a 5-year period; (b) during the first year Soil Conservation Service technicians to be transferred from Federal to State rolls, with the States receiving 100 percent Federal grants during this period; (c) the second year, an adjusted matching arrangement is to be provided for between the Federal Government and the States; (d) the third and fourth years, provision to be made for shifting over to an equalizing grant basis with Federal funds allocated on a formula giving weight to such factors as area and type of farmland, farm population, per capita income, etc., with a sliding scale for matching to run from one-third to two-thirds, depending upon State fiscal capacity as measured by State per capita income.

Membership of the subcommittee which made the recommendations includes R. I. Nowell, vice president of Equitable Life Associations Society; Edward J. Condon, vice president of Sears, Roebuck & Co.; Dr. Frederick Lawson Hoyde, president of the Association of Land Grant Colleges; Phillip Aylesworth, USDA; Fred B. Glass, National Association of County Officials; W. C. Jacobsen, director of agriculture, State of California; John A. Logan, president of National Association of Food Chains; Herschel D. Newsom, master of the National Grange; Robert A. Rowan, chairman, R. A. Rowan &

Co., Los Angeles; and Senator Andrew Schoeppl, of Kansas. Mr. Newsom was the only farmer on the committee, and he was the only member who voted against the recommendations.

The big committee, to whom the recommendations were made and which will in turn report to President Eisenhower, is chairmanned by Meyer Kestnbaum, president of Hart, Schaffner & Marx (clothiers). Nearly all the other 25 members are far removed from agriculture.

Briefly, the Soil Conservation Service, a branch of USDA, furnishes technical and other services in soil and water conservation to soil-conservation districts and individual farmers who are cooperators in such districts. Local soil-conservation districts are established as local units of government, and conduct their operations in accordance with State enabling legislation.

Soil-conservation practices which are undertaken by the farm operator are paid for by the operator. The Federal Government furnishes technical advice and assistance, such as laying out terraces, farm ponds, and making farm plans.

Approximately 2,500 of the Nation's 3,000 counties had soil-conservation districts at the end of 1953. Missouri has only 32 districts. As a result of our State not having districts in all its 114 counties, Missouri has been passing up approximately \$1 million each year in Federal funds that have been available to us. Soil Conservation Service funds do not require matching by States, counties, or individuals.

It will be a colossal mistake for Congress to allow Soil Conservation Service to be divided into 48 pieces, as now recommended by the subcommittee of the President's Commission on Intergovernmental Relations. Before Soil Conservation Service was established by the Federal Government the 48 States were doing very little about soil conservation; and I predict that if this recommendation is carried out, very little money for continuing the work will ever be appropriated by the States, including Missouri.

The initial responsibility for conserving the soil rests with the individual farmers; and they are doing their best to save their soil. But there are serious limitations to what individual farmers can do in soil-conservation operations. Because of limited financial means, equipment, and technical knowledge, they must have help from Government. The responsibility for that help does not belong on the States; it belongs squarely on the Federal Government.

The need for food is universal. Everybody has a stake in soil conservation, because everybody is interested in products of the soil. The areas of concentrated population and the areas where food products are raised very seldom lie within the same State. It is the responsibility of the Nation to see that the soil in the growing districts is saved from erosion and loss of fertility if the people in the thickly populated districts are not to go hungry.

This proposal to shunt soil-conservation responsibilities to the individual States is a typical example of the general trend among Federal Government officials these days. They are constantly advocating shifting burdens and responsibilities to the States, but never do you hear one of them recommend lowering the Federal taxes in order to give the States a chance to increase their revenue.

For instance, our State income tax here is relatively low. However, we cannot increase it because the citizens of our State are paying such high income taxes to the Federal Government. The same is true of tobacco, liquor, and many other taxes. I am not advocating it, but I contend that if the State of Missouri were permitted to keep the income taxes that now go to the Federal Government, we in Missouri could get along fairly well on our own.

We have made a lot of progress with soil-conservation work since Soil Conservation Service was established by the Federal Government in 1935. But the point has not yet been reached where we have arrested the decline in soil fertility. In spite of the miles of terraces we have built, the ever increasing number of tons of plant foods we have used, and all the other good soil conserving practices we have employed, the loss in fertility still has not been overcome. We should now be accelerating our pace instead of taking a step backward, as proposed.

If Soil Conservation Service is crippled, as recommended, it is my firm belief that soil conservation will be set back by 20 years. The Missouri Farmers Association will urge Missouri's delegation in Congress to resist any such reorganization of the Service.

Moreover, we shall support the soil districts association in Missouri in its efforts to amend our own State soil districts law so as to make it easier for farmers to establish soil districts in Missouri.

Farmers living in counties where soil districts exist report to us that they use, appreciate, and are highly pleased with the services they have been receiving from soil district technicians. It is unfortunate that farmers in other counties of our State have been unable to enjoy such services.

It is also most unfortunate for Missouri farmers that our State has been passing up \$1 million in Federal funds that would be available if every county had a soil district. These funds which we have not been using have been going to other States. If Missouri farmers had received the money, it would have made no difference in our tax bills. As of now we are simply paying taxes to help farmers in other States.

Our population is growing at the rate of 2 million per year. If these on-coming generations are to be well fed, the general public had better join forces with us farmers to do everything possible to conserve our soil and build up its fertility.

Wanted: A 49th State

EXTENSION OF REMARKS OF

HON. RUSSELL V. MACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 6, 1955

Mr. MACK of Washington. Mr. Speaker, our forefathers who founded this Republic fought a costly and bloody war to free themselves from the tyranny of taxation without representation. Yet we, their descendants, today, impose taxation without representation upon the 523,000 inhabitants of Hawaii.

Hawaiian youths are drafted to serve in the Armed Forces of our country. The Hawaiian people must pay the same tax rates as those levied upon the citizens of our 48 States. The Hawaiians must abide by our laws. But Hawaiians have no vote in the making of draft laws, in the fixing of tax schedules or in enacting any law.

This obviously is unfair and not in keeping with America's historic traditions. The situation should be speedily remedied by the enactment early in this new session of Congress of a law that will make Hawaii the 49th State.

The people of Hawaii, during the past year, paid a greater amount of taxes into the Federal Treasury than did the

citizens of 11 of our present States; these being Arizona, Idaho, Nevada, New Hampshire, Montana, New Mexico, North Dakota, Utah, Vermont, and Wyoming.

Hawaii, today, has a greater population than four of our States; these being Delaware, Nevada, Vermont, and Wyoming.

Some say Hawaii is too remote from the Capitol in Washington, but she is closer to it, in travel time, than was Nebraska or Kansas at the time of their admission to the Union.

Congress should act quickly to right an old injustice by voting statehood to Hawaii soon so that her people may exercise the American right of voting for citizens to represent them in the Congress and for others to be President and Vice President of the Republic.

His Holiness Pope Pius XII

EXTENSION OF REMARKS

OF

HON. AUGUSTINE B. KELLEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 6, 1955

Mr. KELLEY of Pennsylvania. Mr. Speaker, under permission to extend my remarks in the RECORD, I wish to include an address by His Holiness, Pope Pius XII, to the members of the governing body of the International Labor Organization.

I am particularly pleased because the ILO has been under attack at various times in this country, and in this Congress, on what was termed favoritism to communism. Having been a member on four different occasions as a delegate to the International Labor Organization, I am familiar with its activities and acquainted with its top personnel; and I can personally vouch, therefore, for their thorough patriotism and their intense dislike for communism, and I have expressly said so many times.

POPE PIUS TELLS LABOR TO AIM HIGHER

(Address by His Holiness Pope Pius XII on the occasion of the audience granted to the members of the governing body of ILO)

Although we have frequently had the opportunity in the course of this year to meet representatives of widely different occupational associations and to inform each of them of our interest and solicitude, it is particularly agreeable to us, gentlemen, to receive the delegates of the International Labor Organization, which truly represents the great masses of workers with their cares, their difficulties, and, above all, their desire for a better and juster world.

For more than 30 years you have patiently, untiringly, built up a structure of which you may be justly proud, not only because you have contributed to the progress of social legislation in the various countries, but above all because you have united governments, employers, and workers in brave and fruitful cooperation.

You have brought them to master every passion, every feeling of bitter resentment, every obstinate refusal to face an inevitable development, and to listen to one another calmly to weigh the facts of an extremely complex problem and jointly to propose the necessary improvements. You have thus cre-

ally concerned about the adverse effect of excessive oil imports on the economy of my State of Texas and the economy of the Nation as a whole. But the overriding consideration, and the one which is paramount so far as Congress is concerned today, is the effect of imports upon the national security. The Congress of the United States has the responsibility for the national defense. That responsibility can not be relaxed. Yet, as of now, the Congress is leaving this vital matter, insofar as it applies to petroleum, in the hands of a few importing companies. Their natural impulse is geared to the economic welfare of their stockholders. That is not the proper repository for the responsibility of our Nation's security. The time is here when the Congress must recognize its responsibility and take positive action to correct the dangerous course that we are now following.

The President of the United States has recognized this problem. A few months ago he created the Cabinet Committee on Energy Supplies and Resources Policy. One of the matters which has been considered by that committee has been the import problem. The committee has spent several months studying this problem and its findings should be forthcoming soon. It is hoped that this report will contribute to a solution, and an immediate one, of the problem of excessive imports.

I know that many of the Members of the House also recognize this problem. Particularly, I realize that the representatives from the great coal producing States of Pennsylvania, West Virginia, Illinois, and the many others are aware of the injury that is being inflicted upon the domestic coal industry by imports of residual fuel oil. The coal industry, like petroleum, is a vital industry to the economic welfare of our country but particularly to the defense of our country.

It is time that we face the grave situation created by excessive oil imports, from the viewpoint of both the domestic oil industry and the domestic coal industry.

Mr. Speaker, the oil industry itself for the last 5 years has attempted to resolve this controversy over excessive oil imports. The independent oil producers have appealed to the major importing companies to follow the established policy of supplementing rather than supplanting the domestic supply. But the only result of these efforts has been more and more imports.

It is not my intention to accuse the major oil companies of bad faith in these efforts. Rather I would prefer to think that it is a difference in viewpoint and that the viewpoints will never be reconciled voluntarily.

It has been the attitude of the oil industry generally, and particularly as I know it from the standpoint of the independent operators as distinguished from the major companies, that they would much prefer to be able to solve this problem without legislation. They have hesitated to appeal to the Federal Government for any type of intervention. I personally wholly share that viewpoint. The less Federal Govern-

ment intervention in these matters, as in many others, is, in my humble opinion, the more desirable. But the independent oil producers have now reached the point of feeling desperately in need of help. As a last resort, they are now appealing to Congress for relief.

Mr. Speaker, I think it is imperative that some system of limiting oil imports be imposed by Congress in order that we not only have a healthy domestic oil economy, but, of greater importance, that we be secure by having ample supplies of petroleum within our own borders if and when we are again called upon to oil a war machine.

Because of these considerations I have introduced legislation which will limit oil imports to 10 percent of domestic demand. This proposal does not bar all oil imports. On the contrary, it provides a very generous quota. It would permit imports to continue in the large volume of approximately 800,000 barrels daily as compared with the average for the year of 1954 of approximately 1,060,000 barrels daily. This proposal recognizes that there is a place for some oil imports. It recognizes the large investments of our American oil companies in places around the world. It likewise recognizes that the countries where foreign oil is produced need to export their petroleum products and that we are willing to share in trade with them. It would not wreck the economy of our important and good neighbor Venezuela. In fact, it would not affect imports in Venezuela to any substantial degree. I would be hopeful that the entire reduction in imports which would be brought about by my proposal would be through elimination of Middle East oil, permitting Western Hemisphere imports to continue at current rates. In every respect a 10 percent limit on imports is fair and reasonable.

Mr. Speaker, I sincerely believe with the deepest of conviction that the problem of excessive oil imports is one which demands the immediate attention of the Congress. It goes beyond the economic well-being of any one industry or any one segment or region of our economy. It involves the availability of a vital munition of war. It involves the very heart of our national defense. In view of the unsettled world conditions which face us today, the Congress can no longer ignore its responsibility to meet this problem. I earnestly urge every Member of the House to give my proposal their immediate and careful consideration.

MINIMUM-WAGE LEGISLATION

The SPEAKER pro tempore. Under previous order of the House, the gentleman from California [Mr. ROOSEVELT] is recognized for 20 minutes.

Mr. ROOSEVELT. Mr. Speaker, twice, in recent weeks, the messages of the President of the United States to the Congress have included sections urging the passage of legislation broadening and amending upward the minimum wage and other provisions of the Fair Labor Standards Act of 1938.

In the Economic Report of the President, sent to the Congress on January 20, his recommendation and reasoning

are to be found on pages 57, 58 and 59 under the heading "Augmenting Low Incomes." Approaching two score Members of this House have introduced bills toward this purpose.

The desire to eliminate poverty and low incomes certainly belongs to the members of no single political party or group within it. But differences have and will arise on the means, their scope and the speed of their application as solutions to the problem.

It is to these differences that I ask the earnest consideration of my colleagues. For the action of this Congress on minimum-wage legislation will not only affect the lives of those directly and indirectly concerned—amounting to millions of Americans—but will also loom large in the world-wide struggle between the forces of true freedom and those of communistic human slavery.

The President has stated that—

A small and shrinking, but still significant number of American families have cash incomes under \$1,000 per family. By current standards, most of them must be considered poverty-stricken. These families are not concentrated in urban centers. They live chiefly on small farms or in rural areas and villages mainly in the Southern States. Raising the incomes of this group should be one of our continuing objectives.

As with all of you, I rejoice that this is one of our continuing objectives.

It may well be that these conditions are widespread in the South, but there must be many of you who realize full well that similar conditions are prevalent in nearly all parts of the United States. For example, in my State of California, the Saturday, January 22, edition of the daily newspaper, the Mirror, of Los Angeles, has this front-page headline: "One Thousand Starving in Fresno Area."

When the Federal Reserve Board reports to me that there are some four to four and one-half million families in our United States with incomes of less than \$1,000 a year, I cannot agree that this is a small number. Even allowing for a million single-person families in this group, this means that if the average family size includes 4 human beings, between 13 and 15 million Americans—men, women, and children—are, as the President says, poverty stricken. And we must not forget those additional families who do earn more than \$1,000 per year and still do not realize the level of adequacy found to be necessary for a city worker's family budget by the Bureau of Labor Statistics.

The President urges the Congress to limit its action to an increase to 90 cents an hour in the minimum wage and a gradual approach to the question of bringing substantial numbers of workers, now excluded from the protection of a minimum wage, under its coverage.

But, Mr. Speaker, I have a strong conviction that an excess of caution may produce too little and too late. There is no excuse for radical action but there is every need for bold and adequate action.

This is not the time or occasion to examine the details of the pro and con of proposed legislation on this subject, but I would sincerely ask this House to

remember and consider three fundamental considerations.

First, there have always been those who, in varying degrees of intensity, have opposed any wage increases, using the philosophy voiced by the President when he said—and I quote:

A higher minimum might well cause lower production and substantial unemployment in several industries, and—whether directly or indirectly—it would probably bring generally higher prices in its wake. Such effects would make the gains of covered workers illusory, and they would lower the standard of living of uncovered low-wage workers.

As do most of you, I remember and have a file of those who saw only chaos in the wage revolutions of NRA days. Their fears were proven groundless then by the proof of what improvements can be wrought by Americans earning a decent wage.

I believe that a thoroughly convincing case, based on established experience and present conditions, can and will be made for far more effective action than the President proposes. Indeed, some of it can well be found by the facts recited in the Economic Report, where it deals with corporate profits—on page 84—with the rise in hourly earnings—on page 86—and with the stability of prices—on page 95. I hope that moderation will not produce a whisper where a shout is needed.

Secondly, although I have the highest respect for the splendid and sound objectives of the President—as expressed in his report—there is one passage which I believe to be erroneous in concept. I hope this Congress will firmly reject it. On page 58 there is this sentence:

Minimum wage laws do not deal with the fundamental causes of low incomes or poverty.

The President had listed these on page 57 as including “lack of education or skill, poor health, old age, or prolonged unemployment.”

The report itself states that 1,300,000 workers would increase their hourly pay by 9 cents if his suggestion of a 90-cent hourly minimum wage limit was accepted plus—to quote again—“some workers now getting 90 cents an hour would probably receive wage increases to preserve customary differentials.” Ninety cents an hour for the usual 2,000 working hours in a year is an annual wage of \$1,800. Surely this is not an acceptable living wage in the United States of our day.

I would like to place myself beside those who will be grievously disappointed if we fall short of a goal which will add 9 million workers to the 24 million now covered by the Fair Labor Standards Act. I find it hard to believe that there are many who do not realize that lack of education or skill, poor health, and unemployment breed and fester on low wages, lack of purchasing power, and the loss of opportunity which poverty necessitates. If these things are true on the small farms or in rural areas and villages, mainly in the Southern States—see page 57 of the President's Economic Report—then let us join hands with the South, wherever we may come from, and obliterate these sore spots. The farmers were among the chief beneficiaries of an

expanding national income in the thirties. I firmly believe they would be so again. But let us do it now.

Third, and lastly, I would draw attention to the fact that these existing conditions are not top secret. They are known, exploited, distorted, and exaggerated by the unrelenting foes of our country. It is this kind of propaganda which has greatest effect in Asia and in all areas where peoples are struggling for self-improvement.

The sincerity and effectiveness of the billions of dollars we, in this Congress, will vote for foreign aid—military and economic—to bolster and win our allies, may be hopelessly lost if our basic determination—as evidenced by acts, not words—can be truthfully attacked. It is not enough against this kind of an enemy that we have achieved a high standard of living for most of our people. We can afford no Achilles heel. Our American family must be proven to include every one of those who live in the enjoyment, and under the protection, of our freedoms.

It is for these reasons that I ask your consideration for the setting of far-higher goals than those given to us by the President in his Economic Report.

Mr. TUMULTY. Mr. Speaker, will the gentleman yield?

Mr. ROOSEVELT. I am glad to yield to the gentleman from New Jersey.

Mr. TUMULTY. May I presume on the gentleman to compliment him on his splendid address and upon his concern for the underfed and for those who need help. I particularly feel that it is typical of a Roosevelt to become interested in that subject. The gentleman's speech has been one of eloquence and great weight and great persuasion. I understand the program which the gentleman advocates has been studied from the standpoint of practicality; has it not?

Mr. ROOSEVELT. It certainly has. I believe it is embodied in legislation which will be considered by the proper committee of this House.

Mr. TUMULTY. I am glad to be a Member of this large audience that is now before the gentleman.

Mr. ROOSEVELT. I thank the gentleman.

THE TEXTILE INDUSTRY AND H. R. 1

The SPEAKER pro tempore (Mr. WICKERSHAM). Under previous order of the House, the gentleman from Georgia [Mr. FLYNT] is recognized for 20 minutes.

Mr. FLYNT. Mr. Speaker, there is a certain portion of H. R. 1 which could have devastating effects upon the entire economy of the Fourth District of Georgia which sent me to Congress, to the State in which I live, and to the economy of the entire American textile industry. Many citizens of this district and State are justifiably alarmed, and I share their apprehension.

I refer, specifically, to that provision of H. R. 1 which would authorize the President of the United States to reduce by 5 percent per year for 3 years the existing tariffs on foreign-made textile goods, notwithstanding the absence of such a recommendation from the Tariff

Commission and even notwithstanding an adverse recommendation. When the economy of the textile industry is so seriously threatened, I cannot in fairness to the men and women engaged in this industry in the Fourth District of Georgia remain silent any longer.

I agree most heartily with the recent testimony of the cotton-textile industry before the Committee for Reciprocity Information in which it was stated that the reciprocal trade program as presently set up in H. R. 1 could very well be an attack not only on the textile industry but even on smaller business generally.

At the outset here, I would like to go on record that while I am basically for the idea of reciprocal trade, I emphatically am not willing to stand idly by and see the wholesale sacrifice of the textile industry or the jobs of textile employees. Unfortunately, as presently set up, the United States foreign-trade program could mean the surrender and devastation of the American textile industry and the jobs of American men and women to foreign countries and alien peoples, and certain testimony heretofore presented before the Ways and Means Committee indicates the belief by some persons that the American textile industry is expendable.

The district which I have the honor to represent is one of the largest textile-producing districts in the Nation, but even if there were not a single cotton mill in the great State of Georgia, I would still oppose any provision which would cripple or destroy any portion of the economic life of our country.

Here is the reason: The American tariff structure is at best a hodgepodge, admittedly, with some resemblance to a typical Rube Goldberg invention. If a reduction in cotton textiles duties brings in more cheap goods from Japan and other countries, the people of the Fourth District of Georgia and other textile producing districts will still have to pay tariffs, some high, some low, on other materials and other items from the rest of the world. And so will all Americans. Thus the people of Georgia and the other States will be caught in the inextricable position of paying high duties from part of the world and having to compete with wage rates which are as much as 10 times lower than in our country.

Some people say Americans do not have to worry about foreign competition because we are so much more efficient. We must remember, however, that competition here at home keeps textile mills at a peak of efficiency. Efficiency cannot be turned on and off at will.

The United States textile industry operates within the American wage-cost structure. Its efficiency is geared to the peculiar requirements and to the vast size and variety of the American market.

However, spinning and weaving are universal processes. Foreign countries can and do use the same machinery that American mills use. In fact, Japan may even be ahead of us in that their machines are newer because Japan's industry has been rebuilt from the ground up with American money. And we loaned them the money to do it; sent

them new machinery and showed them how to duplicate ours. Further, the Congress of the United States established a revolving fund of \$150 million for them to purchase raw cotton. Thus the industries of competing countries, rebuilt and modernized with American funds, are rapidly matching, if not already exceeding, the technical efficiency of the United States.

We should also keep in mind that we have no advantage over Japan or any other country in our supplies of raw material. Cotton is available to foreign countries at the same prices as are paid by American mills, owing to the low cost of ocean transportation. Therefore, with manufacturing processes the same and the raw material the same, the wage cost factor emerges as the only real area of competition. In the United States textile industry, as contrasted with other major industries, labor costs run high—about 40 percent—in the manufacture of products.

This leaves the wage differential as the only area of competition. And look at the difference—\$1.30 in the United States, 13.6 cents in Japan. How long can any small-business type of industrial operation go on against such odds?

As the Griffin Daily News in my home city of Griffin, Ga., editorially said recently:

The United States has rebuilt Japan. We had to fight and whip the Japanese and we had to pay in lives and money the price of winning the war in the Pacific. Then when the shooting war was over, the American taxpayers have had to keep footing the bill for rebuilding a former foe. We are in complete accord with the policy of doing this. It has been necessary not only from the Christian point of view but also, quite frankly, from the self-interest point, because we sorely need a strong Japan to help us keep communism from making further inroads in Asia, and to help protect our position and interests there. But it would not be fair or right to expect the people whose livelihoods come from the textile industry to sacrifice their jobs or their pay scales for the benefit of a former enemy. A strong America at home is even more important than a strong America abroad.

For example, the list of cotton manufactures to be considered for tariff concessions in forthcoming trade negotiations with Japan and other countries comprises almost the entire production of the American cotton textile industry. It includes the whole output of countable cotton cloth, that is, cloth which can be basically described by the number of threads per inch and by yarn numbers. In addition, the list includes many special cloths and articles. Further, it covers the products of the industry's chief customers, such as finished or unfinished apparel, rugs and so on.

Now, in preparing the public mind for forthcoming tariff reductions the pronouncements of many Government spokesmen, the reports of all official commissions, the propaganda of all private free trade agencies, have combined to persuade the American people that the great mass production industries of the United States were so much more efficient than foreign industries as to be immune to the dangers of unlimited foreign competition. I believe this to be

completely false in the case of textiles. Why do exponents of this theory wish us to jam our heads in the sand when refuting evidence clearly points out that in the textile industry Japan obviously can equal, or already has, the advantage over existing production efficiency in this country?

Mr. Speaker, the textile industry of this country is fighting for its life. It has been fighting for its life under the existing low tariffs. To reduce tariffs further, to allow foreign labor to compete with a great American industry which employs more than a million people, yet which last year averaged less than 1 percent profit on sales, can shake the very foundations of the economy of this Nation.

Mr. Speaker, we are certain that those who drafted the provisions of H. R. 1 and those who now support it in its present form take the position which they do inspired by the very highest of patriotic motives; but we feel that there may be a pitfall of which the proponents of H. R. 1 may not be fully aware. It is highly possible that under a 3-year extension of existing reciprocal trade agreements, coupled with the power in the executive branch to drastically lower import duties on textile products to or below the peril point, it is not impossible, indeed not improbable, that the American textile industry as we know it could be utterly destroyed within this 3-year period, and American textile employees in all sections of this country may absolutely lose their means of livelihood and the abundant American way of life which they, together with the vast company of Americans, now enjoy.

Mr. Speaker, I remember well the breadlines and soup kitchens of the early 1930's. I cannot remain silent and fail to voice my opposition to the provisions of pending legislation which could very easily change thriving textile communities and cities into vast centers of unemployment. I cannot sit idly by while legislation is discussed and possibly will be enacted which would render jobless thousands of skilled men and women who are engaged in this industry. It is imperative that we have some definite, specific assurance in the form of a committee amendment to the original draft of H. R. 1, which would guarantee to the textile employees that they are not expendable and that they are not ever to be considered anything but first-class citizens standing on the bases of equality of workmanship and character with any other economic group in this Nation. We cannot for one moment submit to the proposition that the American textile industry is expendable. We are not willing to sacrifice the American textile industry to the preferment and propulsion and acceleration of any other industry or any other economic group in this country.

We ask no special favors. We ask no benefits which are not accorded to other industries and other groups, but we do demand the right to sit at the first table along with other major industries in this Nation.

The real problem of sick world trade is in trade restrictions, inconvertible cur-

rencies, and political embargoes. These constitute the problem. Viewing these component parts, we see the problem is not within the borders of our country, but without.

There is no more reason to permit unrestricted access to Japanese cotton goods into the United States than to permit unrestricted import of raw cotton from Brazil, or dairy products from Denmark and Holland, or wheat and flour from Canada, or nuts and fruits from southern Europe. In each instance, equally, there would be, in effect, the same type of attack on American employment, incomes, investment, and standards of life.

I feel most strongly that Japan should be encouraged in every possible way to restore her trade with her natural and historic markets, and not be forced to unload cheap-wage produced textiles in the United States at the expense of American labor and industry.

Mr. FORRESTER. Mr. Speaker, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from Georgia.

Mr. FORRESTER. I want to compliment my brilliant friend and colleague upon his outstanding statement on a subject which I feel sure the gentleman is as familiar with as any single Member in this House. The gentleman was born and reared in a section where he is bound to know the textile situation as well as any other man in the United States. And, I am certain that his colleagues from Georgia are deeply indebted to him for the expressions that he has made.

Now, I would like to ask the gentleman this particular question. Is it not true that substantially 100,000 laborers in the State of Georgia are dependent upon the textile industry for their livelihood?

Mr. FLYNT. That statement is substantially true. And, I might add that they are directly employed in the textile industry.

Mr. FORRESTER. I would also like to say to the gentleman that the textile industry in Georgia and those 100,000 laborers are very alarmed over the provisions of H. R. 1, and we sincerely hope that some provision is going to be made to put it where we might be able to support the bill. If the gentleman will yield to me further, I know the gentleman is aware of the agricultural situation and I am afraid that agriculture is expendable, too, unless the committee handling H. R. 1 will give consideration to the great danger that section 22 of the Agricultural Act is going to be abrogated by this proposed legislation. I am sure the gentleman will agree with me that if the textile industry and agriculture are considered expendable, then we have lost our lifeblood of America. I want to throw those things in, and I want to say that I share the gentleman's viewpoint and I sincerely hope that the committee will give us legislation taking care of agriculture and, I might add, taking care of the other industries in other sections of the United States which we are not so well acquainted with but who are entitled to protection, so that we can have the privi-

lege of supporting this reciprocal trade bill.

Mr. FLYNT. I thank the gentleman for his comment. I should like to say here—and I think my colleague from Georgia [Mr. FORRESTER] and most of the Members of this House will agree with me—that I do not believe that any phase of American industry, or any phase of American economic life is expendable to a corresponding group in any other nation on earth.

Mr. ASHMORE. Mr. Speaker, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from South Carolina.

Mr. ASHMORE. I want to commend the gentleman from Georgia [Mr. FLYNT] who happens to represent the Fourth District of Georgia, while I represent the Fourth District of South Carolina. It so happens that both of those districts are large textile industrial districts. It has been said that my district, the Fourth District of South Carolina, contains more spindles than any other congressional district in the United States. I know that my predecessor used to claim that and no one has ever disputed it.

I know that both the gentleman's section of Georgia and mine have many, many tremendous textile industrial plants. I want to say further that the letters that I am receiving from the people back home are not just from the employers, not just from the capitalist side of this question; I am receiving letters from the man who works in the mill and the woman who works in the mill, the true laborers.

Very little labor in our section is organized. The majority of it is not. But these people depend on these industries for their livelihood and they are vitally interested and are fast becoming alarmed over this situation.

Most of the people in my district, as I do, believe in reciprocal trade. I voted for it in the past, but I also recognize the fact that we can go too far with this thing. We must have some protection for our home industries or else it will be too late to save them from the destruction that will naturally come about if too much of foreign-made goods—that is, cheaply made goods, as the gentleman has so well indicated in his speech this afternoon—if too much of that sort of textile product comes into our country. What then are our home people going to do with the goods that they manufacture?

There will be no market for them simply because, as the gentleman has so clearly pointed out, these goods are made likewise on the best machinery the world produces. We gave a great deal of that machinery to Japan. The point is the differential; the line of demarcation is the wage rate that those people get in comparison with what our people work for, which is a living wage and in accordance with our higher standard of living.

What if we permit this low tariff to come into effect and we permit these imports of foreign-made goods to a point greater than they are now? We will then be doing something that will great-

ly endanger not only the textile industry—and that does not affect merely the southland, because we have great textile industries in the New England States, as we have in Tennessee and Kentucky and other sections of our country. But it will not only endanger those vital industries, but it will endanger the entire standard of living of our American people. I know that none of us want that to come to pass.

I thank the gentleman for permitting me to make these remarks.

Mr. FLYNT. I thank the gentleman from South Carolina [Mr. ASHMORE] and I concur in his remarks.

Mr. WILLIAMS of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. FLYNT. I yield to the distinguished gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. Unlike the Fourth District of Georgia, which the gentleman represents, and the Fourth District of South Carolina, which Mr. ASHMORE represents, the Fourth District of Mississippi, which I represent, is not, relatively speaking, a large textile district. But I can say this, that the gentleman from Georgia [Mr. FLYNT] has proven himself to be a very able spokesman for the people he represents.

To me, it is refreshing indeed to hear a speech made on the floor of this House in the interest of an American enterprise and in the interest of the American people—for a change.

In my opinion, we are going to have to face many more of these problems, similar to the one that is being faced in the textile industry, simply because these fifty-odd billions of Marshall plan dollars are beginning to come home to roost.

Not only the textile industry, but all throughout agriculture we find that we have in the past 10 years been subsidizing foreign production of these commodities in competition with American agriculture. In one of them, cotton, as I understand it, we have just finished expending several million dollars in Pakistan to enable the people of Pakistan to grow cotton in competition with the people of the South and the West. To me that just does not make good sense, especially when we have surpluses of cotton piling up on us at home and we are having to support the price of cotton and provide limited production of cotton in the United States. I think it points up the fallacy of attempting to subsidize competition all over the world.

Mr. FLYNT. I thank the gentleman from Mississippi.

Mr. DAVIS of Georgia. Mr. Speaker, will the gentleman yield?

Mr. FLYNT. I yield to my colleague from Georgia.

Mr. DAVIS of Georgia. I want to compliment the gentleman from Georgia on a very able speech on the subject of reciprocal trade and particularly for his interest in the textile industry.

The gentleman's remarks indicate that he has devoted much time and thought to this most serious problem. This is a serious problem to many people in my district, the Fifth Congressional District of Georgia. While of course all of us realize the need for reciprocal trade, and

we realize that trade is a two-way street, at the same time provision must be made to take care of American industries. Unless provision is made to take care of the textile industry, if there are permitted to be sent into this country floods of foreign textile material, many of our textile mills will be forced to curtail their products and some of them shut down. All of this will mean loss of jobs and curtailment of earnings of American citizens, all of whom in my district need this employment.

So I compliment the gentleman on the thought he has given to this most serious problem, and reiterate what he has said, that provision must be made to take care of the textile industry in dealing with this reciprocal trade subject.

Mr. FLYNT. I thank my colleague from Georgia.

Mr. LANE. Mr. Speaker, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from Massachusetts.

Mr. LANE. I, too, wish to join my colleagues on this side of the House in congratulating the gentleman on his very able remarks in reference to reciprocal trade. I feel it is one of those subject matters that will be of most importance to this session of Congress; in fact, I think it will be one of the most important of all of the subject matters we will consider in this Congress.

I am pleased to join with the gentleman in his remarks in reference to reciprocal trade and its effect on the textile industry. I am aware of the fact that ordinarily we from the North are feuding with those in the South that enjoy the textile industry at the present time, but at this particular time I am pleased to join my colleagues from the South in saying that we who represent industries that have enjoyed textiles in the past and hope to keep on enjoying them in the future want to tell the Congress that it is of great importance at this time, more than ever in the history of the United States, that we protect this industry. This is an industry that I suppose gives more work to more people than any one of the other industries.

As the gentleman well knows, coming from a textile industry, and as the previous speakers have well stated, at the present time the textile industry is a sick industry. We are struggling, we are trying to keep our head above water as best we can. If we are going to have any more imports from Japan, Great Britain, Italy, or any other countries it will make it so much harder for us. At the present time many of our factories are idle.

I have the honor to represent a section of the United States that is perhaps hit harder than any other section. We are classified, according to the Bureau of Labor Statistics, in a 4-F classification. That is, our section has more unemployment than all but a few other areas in the United States. So we are in a serious situation, and we will be in a worse situation if we allow these textiles further to come into this country. I dare say the gentleman in his remarks covered the hourly earnings in the textile industry and, as you have

well stated, we here in the United States have a high hourly earning in the textile industry. I would like at this point for the RECORD to show what the rates are for November 1954, starting with some of the highest. These are the gross hourly earnings. The figures are as follows:

November 1954:

Connecticut.....	\$1.59
Massachusetts.....	1.47
New Hampshire.....	1.41
Rhode Island.....	1.53
Alabama.....	1.22
Georgia.....	1.22
Maryland.....	1.50
Mississippi.....	1.24
North Carolina.....	1.26
South Carolina.....	1.29
Tennessee.....	1.23
Virginia.....	1.34

So that we can in no way cope with the competition of the hourly earnings, let us say in Great Britain where it is 45.4 cents and in Italy 24 cents and in Japan 11.9 cents.

In other words, the Members must readily understand that with our high hourly earning rate in our textile industry here in the United States, we can in no way compete with the low wage that is paid in these other countries. So that if we allow those textiles to come into this country in competition with our textiles, there will be nothing for us to do except to go out of the textile business.

In conclusion, may I reiterate what I said in my opening remarks. I compliment the gentleman in bringing this to our attention again, and I know that so far as the North and South are concerned, on the subject of textiles, we will be united and we hope to do our best to have something done to regain our own domestic textile industry.

Mr. FLYNT. I thank my friend, the gentleman from Massachusetts.

Mr. Speaker, the cotton-textile industry has been flat on its back in competitive world markets for a long time. It has struggled bravely and against seemingly insurmountable odds.

Mr. Speaker, the textile industry is very near the breaking point. Congress has it in its power to break it or to preserve it.

It is the duty of the Congress of the United States to protect this basic industry so vital to so many Americans and to the economy of our Nation, and absolutely indispensable in times of national emergency.

Let us harbor the hope that our foreign economic policy may find its guidance in world realities and let us exercise the courage and the political sagacity to carry through to those solutions which are basic and enduring.

If the death knell sounds for the American textile industry or any other American industry, large or small, never send to know for whom the bell tolls—it tolls for thee.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. BOSCH (at the request of Mr. ALLEN of Illinois) and to include an article.

Mr. LANE in three instances and to include extraneous matter.

Mr. HOLTZMAN.

Mr. FALLON and to include extraneous matter.

Mrs. BUCHANAN and to include an editorial.

Mr. O'HARA of Illinois in two instances and to include extraneous matter.

Mr. RODINO and to include extraneous matter, notwithstanding the fact that it exceeds the limit and is estimated by the Public Printer to cost \$267.

Mrs. KEE and to include an editorial.

Mr. GARMATZ in two instances.

Mr. ROOSEVELT and to include a proclamation by the Ukrainian Congress Committee.

Mr. DORN of South Carolina in two instances.

Mr. CELLER (at the request of Mr. DOLLINGER) in two instances and to include extraneous matter.

Mr. HÉBERT in two instances and to include extraneous matter.

Mr. HARRISON of Virginia.

Mr. EDMONDSON and to include extraneous matter.

Mr. FINE.

Mr. KEARNEY.

Mr. WOLVERTON in three instances and to include extraneous matter.

Mr. SILER and to include extraneous matter.

Mr. BENTLEY and to include the text of a speech, notwithstanding that it will exceed two pages of the RECORD and is estimated by the Public Printer to cost \$180.

Mr. CANFIELD and to include a newspaper article about a Coast Guard rescue at sea.

Mr. KEOGH and to include an article appearing in the Brooklyn Bar Association Journal, notwithstanding that it will exceed two pages of the RECORD and is estimated by the Public Printer to cost \$280.

Mr. MCCORMACK in two instances and to include extraneous matter.

Mr. WHITTEN and to include a speech. Messrs. KEARNEY, WEAVER, TEAGUE of California, and SILER and to include extraneous matter.

Mrs. ROGERS of Massachusetts and to include the President's proclamation and a report by the distinguished chairman of the Committee on Veterans Affairs.

Mr. OSMERS and to include extraneous matter.

Mr. GAVIN and to include an editorial.

Mr. PHILBIN in four instances.

Mr. ASPINALL and to include a newspaper article, notwithstanding the fact it exceeds the limit and is estimated by the Public Printer to cost \$260.

Mr. THOMPSON of New Jersey and to include an editorial.

Mr. ZABLOCKI in two instances and to include extraneous matter.

Mr. ANFUSO (at the request of Mr. DENTON) in two separate instances.

Mr. YOUNGER and to include extraneous matter.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. FOUNTAIN (at the request of Mr. DURHAM), for today, on account of official business.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 145. An act to amend the wheat marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

ADJOURNMENT

Mr. ROOSEVELT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 8 minutes p. m.), under its previous order, the House adjourned until Monday, January 31, 1955, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

332. A letter from the Administrator, General Services Administration, transmitting the annual report on the administration or functions of the General Services Administration for the fiscal year ending June 30, 1954, pursuant to the Federal Property and Administrative Services Act of 1949, as amended; to the Committee on Government Operations.

333. A letter from the Secretary of the Air Force, transmitting a draft of proposed legislation entitled "A bill to amend section 2680 (j) of title 28 of the United States Code so as to permanently exclude claims arising out of combatant activities or warlike operations"; to the Committee on the Judiciary.

334. A letter from the Secretary of Commerce, transmitting a report of the activities relating to providing war-risk insurance and certain marine and liability insurance for the American public, covering the period as of December 31, 1954, pursuant to Public Law 763, 81st Congress; to the Committee on Merchant Marine and Fisheries.

335. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation entitled "A bill to amend the act of April 29, 1941, to authorize the waiving of the requirement of performance and payment bonds in connection with certain Coast Guard contracts"; to the Committee on the Judiciary.

336. A letter from the Chairman, United States Civil Service Commission, transmitting a draft of proposed legislation entitled "A bill to adjust the rates of basic compensation of certain officers and employees of the Federal Government; to authorize the President to establish the maximum number of positions under section 505 of the Classification Act, and for other purposes"; to the Committee on Post Office and Civil Service.

337. A letter from the Assistant Secretary of the Treasury, transmitting a report by the Coast Guard showing the number of officers above the rank of lieutenant commanding receiving flight pay for the period from July 1, 1954, to December 31, 1954, pursuant to Public Law 301, 79th Congress; to the Committee on Armed Services.

338. A letter from the Attorney General, transmitting a draft of proposed legislation entitled "A bill to further amend section 20 of the Trading With the Enemy Act, relating to fees of agents, attorneys, and representatives"; to the Committee on Interstate and Foreign Commerce.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. REED of New York:

H. R. 3202. A bill to continue until the close of June 30, 1958, the suspension of certain import taxes on copper; to the Committee on Ways and Means.

By Mr. ALBERT:

H. R. 3203. A bill to authorize construction of a highway crossing over Lake Texoma, Red River, Tex., and Okla.; to the Committee on Public Works.

By Mr. BOYKIN:

H. R. 3204. A bill to provide that one floating ocean station shall be maintained at all times in the Gulf of Mexico to provide storm warnings for States bordering on the Gulf of Mexico; to the Committee on Merchant Marine and Fisheries.

H. R. 3205. A bill for the relief of the city of Mobile, Ala.; to the Committee on the Judiciary.

By Mr. CRETELLA:

H. R. 3206. A bill authorizing a preliminary examination and survey of the New Haven Harbor and Long Island Sound, from the Hammonasset River to the Housatonic River, coastal and tidal areas, for the purpose of determining possible means of preventing damages to property and loss of human lives due to hurricane winds and tides; to the Committee on Public Works.

By Mr. DODD:

H. R. 3207. A bill to amend the Reorganization Act of 1949, so as to authorize either House of Congress to disapprove specific provisions in reorganization plans transmitted by the President; to the Committee on Government Operations.

By Mr. DOLLINGER:

H. R. 3208. A bill to amend and revise the laws relating to immigration, naturalization, nationality, and citizenship, and for other purposes; to the Committee on the Judiciary.

By Mr. DORN of South Carolina:

H. R. 3209. A bill to amend the Railroad Retirement Act of 1937, as amended, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. O'BRIEN of Illinois:

H. R. 3210. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. DAWSON of Illinois:

H. R. 3211. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. O'HARA of Illinois:

H. R. 3212. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. MURRAY of Illinois:

H. R. 3213. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. McVEY:

H. R. 3214. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the

Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. KLUCZYNSKI:

H. R. 3215. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. BOWLER:

H. R. 3216. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. GORDON:

H. R. 3217. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. YATES:

H. R. 3218. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. HOFFMAN of Illinois:

H. R. 3219. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. SHEEHAN:

H. R. 3220. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. BOYLE:

H. R. 3221. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mrs. CHURCH:

H. R. 3222. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. MACK of Illinois:

H. R. 3223. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. PRICE:

H. R. 3224. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of

increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. GRAY:

H. R. 3225. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to test on a 3-year basis the effect of increasing the diversion of water from Lake Michigan into the Illinois Waterway, and for other purposes; to the Committee on Public Works.

By Mr. DORN of South Carolina:

H. R. 3226. A bill to amend the Social Security Act to provide that, for the purpose of old-age and survivors insurance benefits, retirement age shall be 60 years; to the Committee on Ways and Means.

By Mr. HOLTZMAN:

H. R. 3227. A bill to prohibit members of the Armed Forces from bringing certain firearms into the United States; to the Committee on Armed Services.

By Mrs. KELLY of New York:

H. R. 3228. A bill providing that there shall be equal pay for equal work for women; to the Committee on Education and Labor.

By Mr. MACHROWICZ:

H. R. 3229. A bill to provide for the representation of indigent defendants in criminal cases in the district courts of the United States; to the Committee on the Judiciary.

By Mr. NORRELL:

H. R. 3230. A bill to amend the rice marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

By Mr. POAGE:

H. R. 3231. A bill to amend section 102 (a) of the Agricultural Trade Development and Assistance Act of 1954, so as to eliminate the requirement that privately owned stocks reported thereunder be replaced from Commodity Credit Corporation stocks; to the Committee on Agriculture.

By Mr. QUIGLEY:

H. R. 3232. A bill to amend the Agricultural Adjustment Act of 1938 to exempt certain wheat producers from liability under the act where all the wheat crop is fed or used for seed on the farm, and for other purposes; to the Committee on Agriculture.

By Mr. RADWAN:

H. R. 3233. A bill to amend title 18 of the United States Code, so as to make it a criminal offense to move or travel in interstate commerce with intent to avoid prosecution, or custody or confinement after conviction, for arson; to the Committee on the Judiciary.

By Mr. ROGERS of Colorado:

H. R. 3234. A bill to provide that persons who served overseas during World War I, World War II, and the Korean conflict with certain eleemosynary or charitable institutions rendering services to the Armed Forces shall be eligible for burial in national cemeteries; to the Committee on Interior and Insular Affairs.

By Mr. SELDEN:

H. R. 3235. A bill to provide for adjustments in the lands or interests therein acquired for the Demopolis lock and dam, Alabama, by the reconveyance of certain lands or interests therein to the former owners thereof; to the Committee on Public Works.

By Mr. STEED:

H. R. 3236. A bill to amend the Trade Agreements Extension Act of July 1, 1954, so as to assure the availability of materials essential to national security; to the Committee on Ways and Means.

By Mr. THOMPSON of New Jersey:

H. R. 3237. A bill to amend the Fair Labor Standards Act of 1938 to establish a \$1.25 minimum hourly wage, and for other purposes; to the Committee on Education and Labor.

By Mr. WICKERSHAM:

H. R. 3238. A bill to extend the time within which claims may be presented to the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House completed congressional action on durum wheat acreage increase bill. House received appropriation estimate for insects and plant diseases and forest-pest control.

HOUSE

1. WHEAT ALLOTMENTS. Passed without amendment S. 145, to amend the Agricultural Adjustment Act of 1938 so as to provide for increased durum wheat acreage allotments and marketing quotas for 1955 (pp. 1214-5). This bill will now be sent to the President.
2. TRADE AGREEMENTS. The Ways and Means Committee voted to report H. R. 1, to extend until June 30, 1958, the President's authority to enter into trade agreements, and agreed to amendments to make it clear that provisions of existing law such as Section 22 of the Agricultural Adjustment Act of 1933 will prevail despite any provision in a trade agreement and that enactment of this bill will not imply congressional approval or disapproval of the organizational provisions of GATT (p. D89).
The Committee was granted permission to file the report on this bill by midnight, Feb. 14 (p. 1205).
Rep. Davis, Ga., stated that he would like to support H. R. 1, but that "it is imperative that the bill contain adequate safeguards to prevent the destruction of the domestic market for our textile goods" (pp. 1211-2).
3. APPROPRIATIONS. Received from the President a proposed supplemental appropriation estimate for the fiscal year 1955, which includes funds for this Department in the amounts of \$2,570,000 for control of forest pests and 700,000 for control of insects and plant diseases (H. Doc. 88); to Appropriations Committee (p. 1233).

4. PRICE SUPPORTS. Following is a Feb. 9 release from the Agriculture Committee:

"Representative Harold D. Cooley, Chairman of the House Committee on Agriculture, announced today that hearings will start Friday, February 17th, on his bill (H. R. 12) to reestablish 90 percent of parity price supports for basic commodities, and all similar bills. Secretary of Agriculture Ezra T. Benson will be the first witness.

"With the exception of the Secretary's testimony, Chairman Cooley said, the hearings will be limited to the specific subject covered by the bills -- the level of price supports for basic commodities.

"Secretary Benson has also been asked to give the Committee his recommendations for a dairy support program in line with the study made by the Department pursuant to the farm bill passed in the Eighty-third Congress. This subject will then be explored further by a subcommittee.

"Pointing out that the committee devoted several months and traveled many thousands of miles during the Eighty-third Congress to hear testimony from farmers and local organizations on this subject, Mr. Cooley said that the testimony at this hearing will be limited to general organizations of national scope and that he expects to complete the hearings by February 25.

"All hearings will be held in the Agriculture Committee room, 1310 New House Office Building, will start at 10:00 A.M., and will be open to the public.

5. CROP INSURANCE. Received from this Department a proposed bill to amend the Federal Crop Insurance Act so as to provide that the direct cost of loss adjusters for crop inspection and loss adjustments may be considered as non-administrative or non-operating expense and that administrative and operating expenses in excess of appropriated funds may be paid from premium income; to Agriculture Committee (p. 1233).

6. WATER RESOURCES. Received from the Interior Department a proposed bill to authorize that Department to investigate and report to Congress on projects for the conservation, development, and utilization of Alaskan water resources; to Interior and Insular Affairs Committee (p. 1233).

7. MINERALS; LANDS. Received from the Interior Department a bill to amend the Mineral Leasing Act for acquired lands with respect to disposal of mineral deposits in which the U.S. ^{owns} a partial or future interest; to Interior and Insular Affairs Committee (p. 1233).

8. PROPERTY. Rep. McCormack spoke in favor of his bill, H. R. 3322, to amend the Federal Property and Administrative Services Act of 1949 so as to improve the administration of the program for the utilization of surplus property for education and public health purposes (p. 1214).

9. COMMITTEES. Received reports from the various standing committees on their personnel and funds, including the following: Agriculture, Appropriations, Government Operations, and Post Office and Civil Service (pp. 1227-33).

10. ADJOURNED until Mon., Feb. 14 (p. 1227). Legislative program as announced by Majority Leader McCormack: Mon. and Tues., no business; Thurs. and Fri., if cleared by Rules Committee, the trade agreements extension bill (p. 1214).

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued February 15, 1955
For actions of February 14, 1955
84th-1st, No. 26

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HIGHLIGHTS: House committee reported trade agreements extension bill. House received Hoover Commission personnel report. House received from USDA proposed bills to restore import-control authority in Virgin Islands and to amend Soil Conservation and Domestic Allotment Act.

HOUSE

1. TRADE AGREEMENTS. The Ways and Means Committee reported with amendment H. R. 1, to extend until June 30, 1958, the President's authority to enter into trade agreements, etc. (H. Rept. 50)(p. 1296).
2. PERSONNEL. Received from the Commission on Organization of the Executive Branch of the Government (Hoover Commission) a report on personnel and civil service pursuant to Public Law 108, 83rd Congress (H. Doc. 89); and the Commission's task force report on personnel and civil service; to Post Office and Civil Service Committee (p. 1295). This report will not be available from the Legislative Reporting Staff. Pursuant to a special arrangement, each agency of the Department is ordering its own supply of the report directly from the Government Printing Office.
3. SOIL CONSERVATION. Received from this Department a proposed bill to amend Sec. 8 (e) of the Soil Conservation and Domestic Allotment Act so that persons carrying out conservation practices on Federally owned noncropland would be eligible to received ACP cost-sharing assistance for such practices, if the practices directly conserve or benefit nearby or adjoining privately owned lands of such persons who use and maintain such Federal land under agreement with the Federal agency; to Agriculture Committee (p. 1295).

4. VIRGIN ISLANDS. Received from this Department a proposed bill to amend Sec. 6 of the act of Aug. 30, 1890, and Sec. 2 of the act of Feb. 2, 1903, as amended by the revised Virgin Islands Organic Act of 1954, so as to restore, on a modified basis, the Department's cattle-poultry inspection authority on imports into the Virgin Islands; to Agriculture Committee (p. 1295).
5. GRAZING LANDS. Received from the Interior Department a proposed bill to extend to grazing lessees the right of compensation for losses sustained by reason of the use of public domain or other property for war or national defense purposes; to Interior and Insular Affairs Committee (p. 1295).
6. RUBBER. Received the Federal Facilities Corporation's report of its expenditures for repairs, replacements, etc., on the Government-owned rubber-producing facilities during the last half of 1954 (p. 1295).
7. APPROPRIATIONS. In addition to the items for this Department listed in Digest 24, the President's supplemental appropriation estimate for the fiscal year 1955 includes the following: Mutual Security, \$8,000,000 for contributions to the United Nations expanded program of technical assistance; Export-Import Bank, increase of administrative-expenses limitation from \$1,070,000 to \$1,140,000; Small Business Administration, \$10,000,000 additional capital for revolving fund, \$224,000 of which is to be transferred to administrative-expenses fund to continue financial assistance to small businesses until June 30, 1955, when current authorizing legislation for the new-loans program expires; Bureau of Public Roads, \$10,000,000 to reimburse States for Federal share of work done under the Federal-Aid Highway Act of 1954, \$4,000,000 for direct Federal construction of highways in the national forests, and \$1,000,000 for payment of obligations for direct Federal construction of highways in States having large areas of public lands; Health, Education, and Welfare Department, \$20,000,000 for payments to school districts absorbing a greater portion of the impact of Federal activities on school attendance, and \$48,500,000 for school construction assistance in districts whose enrollments have increased between July 1, 1954, and July 1, 1956, because of Federal activities; Bureau of Land Management, \$350,000 to replace diverted funds used for fire-fighting costs on public lands in Western States and Alaska; Bureau of Employment Security, to permit use of certain 1955 appropriations for administration of Federal employees' unemployment compensation payment program; and enumerated appropriations, including Agricultural Research Service and Forest Service funds, to be made available for uniforms or allowances therefor, for Federal employees.
8. EDUCATION; BANKING AND CURRENCY. Received from HEW the annual report of the Commissioner of Education for the fiscal year ending June 30, 1954; and the Securities and Exchange Commission's report on its operations during the fiscal year 1954 (p. 1295).
9. ELECTRIFICATION. Reps. Price, Holifield, Cooper and others criticized the Dixon-Yates contract and urged that it be cancelled (pp. 1289-92).
10. SUGAR. Received a Mont. Legislature memorial requesting continuation of the Sugar Act of 1948 and an increase in the domestic beet sugar quota (p. 1297).
11. TREATIES. Received a Utah Legislature memorial favoring restriction of the President's treaty power (p. 1297).

TRADE AGREEMENTS EXTENSION ACT
OF 1955

REPORT

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

TO ACCOMPANY

H. R. 1

A BILL TO EXTEND THE AUTHORITY OF THE PRESIDENT
TO ENTER INTO TRADE AGREEMENTS UNDER SECTION
350 OF THE TARIFF ACT OF 1930, AS AMENDED, AND FOR
OTHER PURPOSES



FEBRUARY 14, 1955.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE

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Page 10, line 12, after "notice of intention" insert "to negotiate".

Page 11, strike out line 9 and all that follows down through line 16 on page 12.

I. GENERAL STATEMENT

A. Principal features of H. R. 1

The purpose of H. R. 1 is to continue to June 30, 1958, the authority of the President to enter into trade agreements. The present authority (extended by Public Law 464, 83d Cong.) terminates on June 12, 1955. In addition to the extension of the trade-agreements authority, the principal features of H. R. 1 are as follows:

1. The President would be authorized to negotiate tariff reductions by any 1 of 3 alternative methods, which may not be used cumulatively.

(a) The first method authorizes the President to reduce by a total of 15 percent tariff rates existing on July 1, 1955, in stages of not more than 5 percent in each of the 3 years of the authority;

(b) An alternative authority to that provided in (a) above is the authorization to reduce tariffs by 50 percent of the rate prevailing on January 1, 1945, but only in the case of those products normally not imported or normally imported in negligible quantities;

(c) As a third alternative the President is authorized to negotiate reductions in those rates which are higher than 50 percent of the value of an import to a rate equivalent to 50 percent.

2. In the case of the announced trade agreement involving Japan, the bill authorizes the same decreases in rates of duty (i.e., 50 percent of the rate existing on January 1, 1945) as are authorized under existing law, even though the agreement is entered into after June 12, 1955.

3. The reduction authority referred to in paragraphs 1 and 2 above is subject to the peril-point and escape-clause procedures as contained in present law.

4. The President is required to avoid to the maximum extent he deems practicable the subdivision of existing tariff classification categories to prevent undue complication of the present tariff structure.

5. The President would be required to submit to Congress an annual report on the trade-agreements program. This report is to contain, among other things, information on modification of trade agreements, including a report on the incorporation of escape clauses in existing agreements and information relating to agreements entered into.

B. Explanation of provisions of the bill

EXTENSION OF PRESIDENT'S AUTHORITY

Under present law, the President's authority to enter into foreign trade agreements expires June 12, 1955. The bill extends the period during which the President will be authorized to enter into trade agreements from June 12, 1955, through June 30, 1958.

EXTENT OF PRESIDENT'S AUTHORITY

Under present law the President is authorized to decrease rates of duty by 50 percent of the levels existing on January 1, 1945. The bill would continue this authority after June 12, 1955, only (1) in the case of products which are normally not imported or are normally imported in negligible quantities into the United States, and (2) in the case of products included in the trade agreement as a result of the negotiations which have already been announced in which Japan will be a party (in case these negotiations are not concluded by June 12, 1955). The bill would continue unchanged the authorization in present law whereby the President can increase rates of duty by up to 50 percent of the levels existing on January 1, 1945.

As under present law, the President would be authorized to enter into foreign trade agreements with foreign governments or instrumentalities thereof. The language continuing this authority has been expressed so as to spell out in the section the fact that the President can in entering into foreign trade agreements include general provisions of the kind which have heretofore been included in such trade agreements since the inception of the trade-agreements program in 1934. In the past it has been necessary to make various changes in such general provisions in order to keep pace with the changes of devices and practices in foreign countries. The provisions specified in this subparagraph are illustrative of types of provisions which are necessary in order that the President may be able to meet effectively new methods of discrimination and other barriers against American exports. An important purpose of these provisions is to protect against impairment the tariff concessions which the United States obtains in trade agreements.

The bill, H. R. 1, as reported, clearly provides that no such general provision shall be given effect in the United States in a manner inconsistent with existing legislation of the United States. The purpose of the committee amendment to this proviso is to make it clear that provisions of existing law such as section 22 of the Agricultural Adjustment Act (7 U. S. C., sec. 624), safeguarding domestic agricultural programs from material interference from imports, hoof-and-mouth disease quarantine laws (19 U. S. C., sec. 1306), and section 8e of the Agricultural Marketing Agreement Act (7 U. S. C., sec. 608e), providing for the regulation of the grade, size, quality, and maturity of certain fruits and vegetables imported into the United States and other like provisions of existing law, will prevail despite any provision in a trade agreement.

The bill also provides that its enactment shall not be construed to determine or indicate the approval or disapproval by the Congress of organizational provisions of any foreign trade agreement entered into under the authority which it grants, such as the organizational provisions of the General Agreement on Tariffs and Trade.

That part of the bill which authorizes the President to carry out a trade agreement by proclamation is a continuation of existing law.

In addition to the President's authority as to the reduction of duties described above, he would also be authorized to reduce duties by 15 percent from the rates existing on July 1, 1955. Also, the President would be authorized to reduce any rate of duty above 50 percent of the value of an imported product to 50 percent of such value.

Except for the reductions which might be made in the trade agreement involving Japan, reductions under the three alternative methods must be made gradually. None of these three alternatives for reducing duties which would be given to the President by the bill may be used cumulatively. If the total amount of reduction is 15 percent or less, the reduction during any 12 months cannot exceed 5 percent. If the total amount of reduction is more than 15 percent, then no more than one-third of this reduction can be given effect during any 12-month period.

CONTINUATION OF EXISTING SAFEGUARDS

The requirements of existing law for full public notice (including a list of products on which concessions might be made by the United States), public hearings, and peril-point determinations by the Tariff Commission are not changed by H. R. 1. Neither is the present requirement that the President must report to the House Committee on Ways and Means and the Senate Committee on Finance whenever a reduction exceeds that which the Tariff Commission believes could be made without causing or threatening serious injury to the domestic industry (peril point). Likewise, the escape-clause provision of existing law continues unchanged. Moreover, H. R. 1 would not affect the present provision that no reduction shall be made on any article if the President finds that such reduction would threaten domestic production needed for projected national-defense requirements.

The committee gave extensive consideration to amendments to the escape-clause provisions of existing law, but decided that it was neither necessary nor desirable to change the law.

Under existing law, the findings of the Tariff Commission that a product on which a concession has been granted is, as a result in whole or in part of the customs treatment reflecting such concession, being imported in such increased quantities as to cause or threaten serious injury to the domestic industry producing like or directly competitive products, together with its recommendation regarding withdrawal or modification of the concession, go to the President.

In making his determination whether to withdraw or modify a concession, the President must take into account all relevant factors, including our national-defense requirements, requirements for carrying on successfully the foreign relations of the United States, and the necessity for maintaining and strengthening the domestic economy of the United States. Consequently, he secures the individual views of the Departments of Agriculture, Commerce, Defense, Interior, Labor, Treasury, and State and the Foreign Operations Administration, in order that his decision whether to withdraw or modify the concession may be based upon all the information available in the Government. The Departments of Agriculture, Commerce, Interior, and Labor have primary responsibility for providing economic information and views relating to domestic activity, while the other agencies submit data and views concerning the other factors.

The committee believes that the President should give full consideration to the Tariff Commission's findings regarding injury. If he believes that these findings should be further developed, or if new information relevant to such findings are disclosed, in the committee's opinion he should continue his practice of submitting such data to

the Tariff Commission for supplemental investigation and findings where appropriate. The other factors, relating to the overall national interest, are, of course, outside the jurisdiction of the Tariff Commission, and must be weighed by the President after receiving the views of the various departments. The committee is of the opinion that a President, who has the authority to determine where and when American Armed Forces may be employed in the Formosa Straits in the interest of our national security, can be trusted to weigh factors relating to the national interest in terms of withdrawing a tariff concession.

Even on the question of injury, the President must by law make the determination in the event of a 3-3 split among the Tariff Commissioners.

Findings on the question whether injury is caused or threatened by imports resulting from tariff concessions are based on factual material. However, proper weight must be given to such facts, reasonable inferences drawn therefrom, and, finally, there must be an exercise of judgment. Different weight can be given to the same facts, different inferences can be drawn from the same facts, and differing judgments can result. Otherwise all administrative or judicial judgments would be unanimous and be affirmed on appeal. In practically every field where administrative or judicial findings are involved, the Congress has provided for some review of those findings, either by courts or by the President. In the committee's opinion it would be undesirable to depart from this practice in the case of the escape clause. Your committee believes that the President should not be compelled as a matter of law to accept findings of the Tariff Commission where it is his opinion that they are not soundly based, although in the committee's opinion he should give full consideration and proper weight to such findings.

Due to the expressed concern from many quarters over the administration of the escape clause, it is your committee's intent to keep this matter under continuing study.

ANNUAL REPORT TO CONGRESS

Under H. R. 1, the President would submit to the Congress an annual report on the operation of the trade-agreements program. In addition to reporting on the progress made in inserting the escape clause in existing agreements¹ (on which he now reports semiannually) the report would include information on new negotiations, modifications made in duties and import restrictions of the United States, reciprocal concessions obtained and other information on the trade-agreements program.

SUBDIVISION OF CLASSIFICATION CATEGORIES

The President, under H. R. 1, is to avoid, to the maximum extent practicable and consistent with the purpose of the legislation, the subdivision of classification categories. In previous years, particularly during the period when only straight bilateral agreements were

¹ A message from the President to the Congress on January 10, 1955 (H. Doc. No. 64, 84th Cong.) indicates that all except four agreements, those with Ecuador, Honduras, El Salvador, and Guatemala, now have a satisfactory escape clause. The agreement with Ecuador is now scheduled to terminate on July 18, 1955.

concluded, our tariff structure has been complicated by breaking up existing classifications into various parts.

C. History of the legislation

In 1934 Congress empowered the President to enter into trade agreements with other countries for a period of 3 years. The President's tariff-reducing authority was limited to 50 percent of the rates then in effect. This authority was extended by Congress in 1937, 1940, and 1943. Between 1934 and 1945 trade agreements were negotiated with 29 countries.

In 1945 Congress extended the President's authority and increased it. He was authorized to reduce tariffs to 50 percent of the rates prevailing on January 1, 1945.

At the present time the United States has trade agreements with 42 countries of which 32 are parties to the General Agreement on Tariffs and Trade. These countries and the United States carry on at least 80 percent of world trade. The agreements negotiated cover approximately 58,000 items with a trade probably surpassing \$40 billion in 1953.

In 1953 President Eisenhower asked Congress for a 1-year renewal of the trade-agreements authority, pending a comprehensive reexamination of the economic foreign policy of the United States to be undertaken by a bipartisan commission. The Commission on Foreign Economic Policy, under the chairmanship of Mr. Clarence B. Randall, was established, with members drawn from both Houses of Congress and from the public. After extensive investigations it presented its recommendations to the President on January 23, 1954.

Based on these recommendations, the President outlined his foreign economic policy to Congress in his message of March 30, 1954. One of the recommendations was the extension of the trade-agreements legislation as outlined in H. R. 1. The present act was extended for 1 year. The President has again, on January 10, asked the Congress to provide the authority contained in H. R. 1.

Full and complete hearings were held on H. R. 1 by the committee beginning on January 17, 1955, and concluding on February 7, 1955. Testimony was received from Cabinet officials and witnesses representing all segments of our economy.

In the executive sessions that followed the hearings careful consideration was given to the testimony and views presented to the committee.

II. NEED FOR H. R. 1

A. In general

Since 1934 the Reciprocal Trade Agreements program has been an essential part of our foreign economic policy. Our foreign economic policy and our overall foreign policy cannot be disassociated. As President Eisenhower has stated:

If we fail in our trade policy, we may fail in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved.

For our own economic growth we must have continuously expanding world markets; for our security we require that our allies become economically strong. Expanding trade is the only adequate solution for these two pressing problems confronting our country.

An expanded foreign trade is in our own enlightened self-interest just as much as it is in the interest of the peace and security of the other nations of the free world.

As the Secretary of State declared:

The failure, at this stage of world affairs, to rededicate our Nation to liberalize trade policies, and to do so for a 3-year term would have grave consequences.

The Secretary of Defense in his testimony before the committee stated that passage of H. R. 1 is an important measure in strengthening our common defense against Communist aggression. He stated:

The stronger our allies are economically and militarily the better for both them and ourselves * * *.

International trade must be a two-way street. Such trade provides the most effective way to improve our relations with our allies on a long-range basis. It is just as important as any military agreements which we might work out.

Today perhaps there is no other country in the world that has as much at stake in an expanding world trade as has the United States. We export about 20 percent of the goods in world trade and import about 15 percent of such goods. If we act with wisdom, courage, and forbearance in the formulation of our foreign economic policy, we will find that we have promoted the security and welfare of the United States.

Our position in the world today is one that we did not seek but which has nevertheless been thrust upon us. With it has come the responsibility to pursue policies that are most conducive to the cause of peace and the advancement of human welfare. The most short-sighted thing we could do from the standpoint of our national defense is to cast our allies between a curtain of high tariff protection on the one hand and an iron curtain of engulfment on the other.

The United States as the greatest creditor nation in the world, should and must take the leadership in enlarging world trade.

The main economic impediment to an expanded foreign market for our own production is the shortage of dollars on the part of friendly foreign nations and their inability to make their currencies convertible. The most practical way of helping to reduce and eventually eliminating these problems is the lowering of trade barriers on a collective basis by the free nations of the world. The trade and tariff restriction policies of each country in the free world have an effect on free world trade. However, those of the United States are especially significant because of our outstanding position of leadership and economic importance.

Contrary to expressed opinions that we are totally self-sufficient in the United States, the truth is that we are not. Our emergence as a world power has been accompanied by an increasing engagement in world trade. The natural resource requirements of our American economy, our population growth, and our ever-increasing per capita consumption have caused us to look to our neighbors for part of what we consume. They in turn look to us for the products of our farms, factories, and commerce.

One of the major restraints on an expanding foreign market for American goods in the past has been an unfavorable balance of payments resulting from the dollar gap between imports and exports. This gap must eventually be closed. It can be closed (1) by increasing the sale of foreign goods in this country, (2) by decreasing the sale of

our goods in foreign countries, or (3) by outright gifts of dollars to foreign countries. Decreasing our exports would injure our economy and reduce our standard of living and that of our allies by decreasing American production and employment. As a result, production and employment overseas would be similarly affected.

We are properly diminishing, not increasing, outright gifts of dollars. This means we must accept foreign goods if we are to continue to increase exports and avoid continuation of outright dollar grants. The creation of a dependable international balance of payments is a problem that offers no simple solution. The problem must be attacked at each of its many aspects.

The committee, through its study of the problem and from the testimony of witnesses, is impressed with the crucial importance of removing the atmosphere of instability from our foreign trade policies. This instability is a factor in slowing down the development of an improved system of world trade. Other countries, uncertain of what economic policies the United States will follow hesitate to expand their production of those products destined for the United States market. Unsure of their continuing capacity to earn dollars in the event the United States should turn away from a policy of promoting trade in the free world, other countries are also hesitant to relax their exchange restrictions. The early enactment of the bill, renewing the authority of the President to enter into trade agreements, will have a stabilizing effect upon our international relations and increase confidence throughout the free world.

H. R. 1 is considerably more than a manifestation of America's expression of good faith to our allies. It is considerably more than a demonstration to international communism of the free world's economic unity. H. R. 1 is a gradual but forthright step in the direction of assuring the products of American agriculture, labor, and industry an expanding market which is essential to increasing American productivity.

The authority granted to the President under H. R. 1 is for the purpose of securing a higher level of two-way trade. Thus, we will be able to sell and receive payment for our exports and have an increasing volume of investment abroad to assist economic development overseas and to yield returns to us of greater freedom from restrictions and controls in international trade.

In seeking to develop increasing domestic prosperity, free-world strength and international peace, H. R. 1 is part of the answer to each of these objectives. Every segment of our American economy has a vital interest in the attainment of these purposes.

B. Agriculture

There is probably no segment of our economy that has a greater stake in foreign trade than agriculture. It has been estimated that annual exports of agricultural commodities represent the production of from 50 to 60 million cultivated acres. This is an area equivalent to the combined cultivated land of Mississippi, Tennessee, Louisiana, Kentucky, Alabama, Florida, Georgia, North Carolina, South Carolina and Virginia. Putting it another way, our agricultural exports provide a market for the produce of one out of each 10 acres of cropland. In 1951, when our agricultural exports ran to \$4 billion, this was the equivalent of \$1 out of each \$8 in cash farm receipts in the United States.

The importance of agricultural exports to agriculture is further stressed in the excerpts from the testimony of major farm organizations which is contained in appendix B. It will be noted in this appendix that in 1953, of our total production we exported 45 percent of our rice, 26 percent of our tobacco, 24 percent of our cotton, 21 percent of our soybeans and products, 19 percent of our wheat and flour, 18 percent of our lard, 17 percent of our barley, 6 percent of our raisins, and about 5 percent of our pears and apples. It can be seen from these statistics that we export about one-fourth of our total production of some major agricultural commodities.

Since 1951, our agricultural exports have been falling off. Any time there is a falling off in our exports of agricultural commodities, there follows lower prices, increased surplus problems, and there may follow acreage restrictions and marketing controls. In many cases, cropland is diverted from production for export to production of other commodities for domestic consumption. This means that even those agricultural commodities that are not exported can be directly affected as a result of a reduction in exports.

One of the most important answers to the problem of our agricultural surpluses is an expanded foreign market. Under the trade-agreements program, concessions have been obtained for almost every agricultural product customarily exported from the United States in any significant amounts. It is the committee's belief that enactment of this bill will further expand the foreign markets for agricultural products, which expansion is urgently needed by American farmers, and it is our hope that the authority granted the President under this bill will be utilized insofar as practicable to accomplish this result.

C. Labor

It was stated by Secretary of Labor Mitchell that some 4½ million jobs are attributable to work generated by our foreign trade—both export and import.

On the other hand, it has been estimated that not over 100,000 workers might be threatened, directly or indirectly, with the loss of their jobs by increased imports resulting from a hypothetical reduction across the board of 50 percent in present tariff rates. Although your committee does not necessarily accept this figure, it does give some approximate indication of what we believe to be the relative stake that American workers have in our total world trade as compared to possible adverse effects from the maximum of imports that could conceivably be expected within the next few years.

Moreover, H. R. 1 contains safeguards designed to guard against any sharp increase in imports by requiring that the reductions authorized can only be put into effect gradually.

The results of the program, therefore, will be to avoid a sudden influx of imports that would cause unemployment. The result, we believe, will be a gradually expanding level of trade and employment in the United States.

It has been contended that since foreign industries have lower wage and other standards it is difficult or impossible for American industry to compete with imports in the American market. It is well established that many of the United States industries that compete most successfully, both domestically and in foreign markets, are industries in which wages paid are among the highest in the United States.

American industry can pay high wages because of its high productivity. Increased American productivity makes it possible for United States industry to pay higher wages.

The important factor is not the wage per hour but the wage per unit of production. American workers with our mechanized means of production and highly developed technology, are able to produce a greater number of products per hour, thus resulting in lower cost per unit even though their wages per hour are higher.

The administration has taken steps to adopt the policy recommended by the Commission on Foreign Economic Policy that no tariff concessions should be granted on products made by workers receiving wages that are substandard in the exporting country.

During the period that the trade-agreements program has been in effect the people of the United States have achieved the greatest prosperity this country has ever known. Wages and working conditions of our workers have steadily improved during this period despite increased imports.

In the light of this practical test the committee believes that, as a general principle, the contention that lower tariff barriers would depress labor standards and wages in the United States has not been proved.

Testimony of the major labor organizations in support of the bill is highlighted in appendix B.

D. Commerce and industry

The economic strength and vitality of our American commerce and industry depend in large measure on our success in fostering expanded trade with the countries of the free world. For that reason these important segments of our domestic economy have a vital interest in the development of United States foreign economic policy as set forth in H. R. 1.

In 1953, our gross national product was at an alltime high of \$365 billion. Our exports of goods and services including military aid amounted to approximately \$21 billion and represented almost 6 percent of our total production of goods and services. This export relationship to gross national product compares favorably with: (1) Gross receipts from farming in 1953 which were equal to about 8.5 percent of gross national product; (2) business expenditures for capital equipment which represented a little over 6.5 percent of gross national product; and (3) consumer purchases of durable goods which were a little over 8 percent of that product. The share of commerce and industry in our total export business in 1953 (exclusive of military aid) was \$14.25 billion in services and merchandise manufactures. Agricultural exports were \$2.75 billion and military aid was \$4.5 billion.

In dollar terms our foreign trade amounted to \$37 billion in 1953—\$16 billion in imports and \$21 billion in exports. Imports and exports taken together sustained approximately 4½ million American jobs.

Our reliance on foreign markets has grown with the increase in American productivity. Each year the average factory worker in the United States produces an average of 3 to 5 percent more than he did the previous year. Our industry sells 10 percent or more of its trucks, locomotives, machine tools, tractors, and penicillin abroad.

An American tractor manufacturer testifying in support of H. R. 1 before your committee said that without its export business his com-

pany would not need one-third of the people he employed in the United States. He also testified that the domestic consumer is able to buy his tractor at a lower price because export business had permitted greater mass economies than would have been possible in the absence of the export volume.

In the 20 years since the reciprocal trade program was initiated, our trade has increased substantially. In 1934 our exports constituted 12 percent of total world trade. At that time as supplier of world markets we were closely matched by the United Kingdom and Germany. In 1954 our exports constituted 20 percent of total world trade and our exports were nearly twice as large as those of the second largest trading country, the United Kingdom.

H. R. 1 will continue the trade-agreements legislation for the same reason it was started in the first place—as an important export-promotion measure. Merchandise exports in the mid-thirties stood at 3.1 percent of a gross national product of \$65 billion as compared with merchandise imports of 2.6 percent. Comparable figures for 1953 indicate a gross national product of \$365 billion with merchandise exports of 4.3 percent and merchandise imports of 3 percent.

There can be little question that our increase in exports has contributed substantially to our domestic high employment and prosperity. The relationship of exports of movable goods to United States production and of United States exports and imports to gross national product are shown in the following tables for selected years.

TABLE 1.—*United States production of movable goods and the proportion exported: 1929, 1933, 1937, 1939, and 1947-53*

[Value in millions of dollars]

Year	Agricultural products ¹	Manufactures ²	Mining ³	Freight receipts ⁴	Total ⁵	Exports, United States merchandise ⁶	Exports as percent of total
1929-----	13,003	30,591	4,908	5,100	53,602	5,157	9.6
1933-----	6,332	14,008	2,050	3,100	25,490	1,647	6.5
1937-----	10,213	25,174	4,265	4,300	43,952	3,299	7.5
1939-----	9,043	24,487	3,808	4,200	41,538	3,123	7.5
1947-----	32,372	74,426	9,610	9,200	125,608	15,160	12.1
1948-----	32,842	82,000	12,273	10,800	137,915	12,532	9.1
1949-----	30,133	75,367	10,580	10,000	126,080	11,936	9.5
1950-----	30,335	89,750	11,855	11,600	143,540	10,142	7.1
1951-----	35,042	102,086	13,524	12,900	163,552	14,879	9.1
1952-----	34,517	108,477	13,430	13,300	169,724	15,039	8.9
1953-----	33,056	117,500	14,346	14,200	179,102	15,626	8.7

¹ Cash receipts from crops and livestock and products, and value of home consumption as reported by Department of Agriculture.

² Value added by manufacture; data as reported in the Census of Manufactures through 1947; estimates for later years.

³ Value of crude or prepared minerals at the mine, well, or plant; Bureau of Mines data.

⁴ Estimate of cost of moving goods from place of production to points of distribution or exportation; based on freight revenue of steam railroads, of intercity motor carriers of property, and of pipelines as reported by the Interstate Commerce Commission.

⁵ Total of items shown representing a rough estimate of the value of production of movable goods at point of distribution or export. Figures are not adjusted for price changes.

⁶ Shipments to foreign countries as recorded by the Bureau of the Census. In recent years the data include, besides commercial goods, foodstuffs, and other supplies sent to civilian populations through the U. S. Armed Forces stationed abroad, shipments under the ECA (Economic Cooperation Administration) and Mutual Security Program, and other aid and relief shipments whether financed by Government or by private agencies. Shipments to U. S. Armed Forces abroad for their own use are excluded from export statistics.

Source: Foreign Commerce Weekly, June 28, 1954.

TABLE 2.—*United States merchandise exports and imports and export surplus in relation to gross national product: 1929, 1933, 1937, 1939, and 1947-53*

[Value in millions of dollars]

Year	Gross national product ¹	Exports ²	Exports as percent of GNP	Imports ²	Imports as percent of GNP	Excess of exports over imports	Export surplus as percent of GNP
1929-----	103,828	5,347	5.1	4,463	4.3	884	0.9
1933-----	55,760	1,736	3.1	1,510	2.7	226	.4
1937-----	90,213	3,451	3.8	3,181	3.5	270	.3
1939-----	91,339	3,347	3.7	2,409	2.6	938	1.0
1947-----	233,264	15,977	6.8	6,129	2.6	9,848	4.2
1948-----	259,045	13,346	5.2	7,822	3.0	5,524	2.1
1949-----	258,229	12,337	4.8	7,066	2.7	5,271	2.0
1950-----	286,826	10,658	3.7	9,315	3.2	1,343	.5
1951-----	329,822	15,485	4.7	11,668	3.5	3,817	1.2
1952-----	347,956	15,806	4.5	11,503	3.3	4,303	1.2
1953-----	367,247	16,437	4.5	11,904	3.2	4,533	1.2

¹ Department of Commerce estimates.² Merchandise trade as recorded in balance-of-payments statistics, representing all transfers of ownership of movable goods between the United States and foreign countries.

Source: Foreign Commerce Weekly, June 28, 1954.

Your committee has given careful consideration to the fact that some domestic industries stated that they have serious problems relating to their continued survival. Many of these industries appeared before the committee and attributed their troubles to inadequate tariff protection. However, careful examination of the facts has demonstrated that, in many cases, their ills appear to be attributable to causes other than tariff policy, such as technological progress and changes in consumer preferences.

H. R. 1 does not affect the many safeguards contained in existing law to protect American agriculture, industry, commerce, and labor such as the peril point, escape clause, and other legislation such as antidumping laws and countervailing duties.

It is the opinion of your committee that the expectations of agriculture, industry, and commerce for productive growth and expanding markets will be furthered under H. R. 1 with resulting benefits to labor.

E. Appendixes

At the end of the report there is contained appendixes as noted below:

Appendix A.—An analysis of some of the major criticisms trade-agreements program opponents have raised, as follows:

United States tariffs are already the lowest in the world.

The trade-agreements program is not reciprocal.

Defense industries and skills are not adequately protected.

Passage of H. R. 1 should await the outcome of the Japanese negotiations.

Passage of H. R. 1 should await the outcome of the renegotiation of GATT.

Appendix B.—Testimony and comments of persons supporting H. R. 1, as follows: Executive departments, business and industry, agriculture, labor, public interest groups, and press support.

Appendix C.—Accomplishments of the trade-agreements program.

Appendix D.—A description of how a trade agreement is made, describing the procedures which are followed.

III. TECHNICAL ANALYSIS OF H. R. 1 AS REPORTED

The first section of the bill provides that the bill when enacted may be cited as the Trade Agreements Extension Act of 1955.

Section 2: This section extends the period during which the President is authorized to enter into foreign trade agreements for an additional period, from June 12, 1955, through June 30, 1958.

Section 3: This section amends section 350 of the Tariff Act of 1930, as amended, which contains the basic authority to enter into and carry out trade agreements.

Subsection (a) of section 350, containing six numbered paragraphs, is set forth in the bill in its proposed amended form.

Paragraph (1) of subsection (a) sets forth the purpose for which the President may enter into trade agreements. The text preceding subparagraph (A) repeats existing law.

Subparagraph (A) of paragraph (1) authorizes the President to enter into foreign trade agreements with foreign governments or instrumentalities thereof containing provisions with respect to international trade, including provisions relating to tariffs, to most-favored-nation standards and other standards of nondiscriminatory treatment affecting such trade, to quantitative import and export restrictions, to customs formalities, and to other matters relating to such trade designed to promote the purpose of section 350 similar to any of the foregoing.

Subparagraph (A) of paragraph (1), as amended by the committee, contains two provisos. The first proviso states that no provision of any foreign trade agreement shall be given effect in the United States in a manner inconsistent with existing legislation of the United States. The second proviso states that the enactment of this bill shall not be construed to determine or indicate the approval or disapproval by the Congress of organizational provisions of any foreign trade agreement entered into under section 350 of the Tariff Act of 1930.

Subparagraph (B) of paragraph (1), authorizing the carrying out of trade agreements by proclamation, makes no change in existing law. The authority to carry out trade agreements by proclamation is no broader (and no narrower) than under existing law (the terms of which are identical with the terms of subparagraph (B)).

Paragraph (2) of subsection (a) is divided into subparagraphs (A), (B), (C), (D), and (E):

Subparagraph (A) continues unchanged the present prohibition against increasing any rate of duty to a rate more than 50 percent above the rate existing on January 1, 1945.

Subparagraph (B) continues unchanged the present prohibition against imposing a duty on a duty-free article or exempting from duty a dutiable article.

Subparagraph (C) continues unchanged (with respect to trade agreements entered into before June 12, 1955) the present prohibition against decreasing any rate of duty to a rate lower than 50 percent below the rate existing on January 1, 1945.

Subparagraph (D) fixes maximum limits on decreases in rates which may be made to carry out trade agreements entered into on or after June 12, 1955. A rate of duty may be reduced under three alternative methods which are set out in clauses (i), (ii), and (iii). These alternatives are not cumulative but the President may decrease a

rate to the lowest of the rates resulting from application of any of the alternative methods.

Clause (i) authorizes decreases in any rate to 15 percent below the rate existing on July 1, 1955 (that is, to a rate which is 85 percent of the rate existing on July 1, 1955).

Clause (ii) authorizes decreases in any rate to 50 percent of the rate existing on January 1, 1945, on products which are normally not imported into the United States or which are normally imported in negligible quantities.

Under the first sentence of this clause, as amended by the committee, the President, in applying the negligible quantities test, will take into account the competitive impact on the domestic market of the amount of the article normally imported into the United States.

The second sentence of this clause (ii), as amended by the committee, requires identification of articles included in any list furnished to the Tariff Commission for "peril point" determination pursuant to section 3 (a) of the Trade Agreements Extension Act of 1951, as to which reduction is authorized by this clause. The committee intends that, insofar as practicable, articles for which a reduction in duties is authorized by clause (iii) will be similarly identified.

Clause (iii) authorizes decreases in rates of duty which are higher than 50 percent ad valorem (or equivalent) to 50 percent ad valorem (or equivalent). In the case of articles subject in whole or in part to a specific rate of duty (i. e., 5 cents per pound, or 5 cents per pound plus 20 percent ad valorem), the determination of whether a rate of duty is higher than 50 percent ad valorem, and the determination of a rate equivalent to the 50 percent ad valorem rate to which it may be reduced, will be made by the President on the basis of the value of imports of such products during a period which he finds is representative.

In making such determination, the President is to be guided, to the maximum extent practicable, by the standards of valuation for customs purposes contained in section 402 of the Tariff Act of 1930, as the provisions of that section exist during the representative period. The reference to the standards of valuation contained in section 402 of the Tariff Act of 1930 is to make it clear that no action may be taken under the second sentence of this clause which would result in any change in existing rules for determining the basis on which any ad valorem rate of duty is to be assessed. For example, if a rate of 50 percent ad valorem is established pursuant to such second sentence with respect to an article subject to a rate of duty any part of which may be based on American selling price (as defined in sec. 402 (g) of the Tariff Act of 1930), the new rate would be subject to application on the basis of American selling price in the same manner as the ad valorem rate is applied under existing law.

Subparagraph (E) deals with the special situation involving Japan. This subparagraph provides that in connection with a trade agreement involving Japan, which is entered into on or after June 12, 1955, duties may be decreased to as low as 50 percent below the rate existing on January 1, 1945, if the President determines such decreases are necessary to provide expanding export markets for Japanese products. Under existing law the President is authorized to make such reductions only to carry out trade agreements entered into prior to June 12, 1955. The authority under this subparagraph may be used only in

connection with negotiations involving Japan, a notice of which was published in the Federal Register on November 16, 1954.

When read together with the definition of "existing" contained in section 350 (c) (2) (C) (as added by the bill), the results under subparagraph (D) (i) and subparagraph (E) of paragraph (2) are as follows: If the trade agreement involving Japan is entered into before July 1, 1955 (whether or not before June 12, 1955), the President will have authority (1) in carrying out that agreement, to reduce the rates on products included therein to 50 percent of the rates existing on January 1, 1945, and (2) in connection with other trade agreements entered into on or after June 12, 1955, to reduce by an additional 15 percent (in accordance with the alternative specified in clause (i) above) the rates for such products agreed to in such agreement involving Japan. If the trade agreement involving Japan is entered into on or after July 1, 1955, the authority to decrease a rate to 50 percent below the rate existing on January 1, 1945, will continue; but to the extent that this authority is exercised with respect to any rate, the authority under the clause (i) alternative (to decrease that rate by 15 percent of the rate existing on July 1, 1955) will be correspondingly reduced or eliminated. For example, assume that in the case of article "X" (on which the January 1, 1945, rate of duty was 50 percent ad valorem and the July 1, 1955, rate of duty is 40 percent ad valorem) the negotiated rate under the Japan agreement is 35 percent. Since the reduction under the Japan agreement would be equal to $12\frac{1}{2}$ percent of the rate existing on July 1, 1955, subsequent agreements could provide for an additional $2\frac{1}{2}$ percent decrease of the July 1, 1955, rate (that is, a decrease to 34 percent ad valorem).

Paragraph (3) of subsection (a), divided into subparagraphs (A), (B), (C), and (D), establishes, among other things, procedures for giving effect gradually (at intervals of at least a year) to decreases (under the three alternatives in paragraph (2) (D)) in rates made pursuant to agreements entered into on or after June 12, 1955.

In connection with the Tariff Commission's determination of "peril points" where the gradual reductions required by the bill are involved, the bill contemplates that the Commission will determine the peril point for an article on the basis of the total permissible reduction rather than on the basis of the application of the total permissible reduction on a gradual basis.

Subparagraph (A), except as limited by subparagraphs (B) and (C) of paragraph (3), continues in substance the provision of existing law that the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation.

Subparagraph (B) fixes the time limits within which the decreases in rates authorized by subparagraph (D) of paragraph (2) described above may be made effective. These time limits are as follows: A decrease of no more than 5 percent of the rate existing on July 1, 1955, may become initially effective at one time if the total amount of the decrease is 15 percent or less. If the total amount of the decrease is greater than 15 percent, no more than one-third of the decrease may become initially effective at one time. In the case of any of the three alternatives, no part of the decrease after the first part can become initially effective until the immediately previous part has been in effect for at least 1 year.

Subparagraph (C) provides that (subject to an exception stated in the second sentence of the subparagraph as explained below) no decreases under the first alternative method (the 15-percent decrease authority) may be made effective after the expiration of the 3-year period which begins on July 1, 1955 (that is, after June 30, 1958). The result of this limitation, when applied with the 1-year requirement for each decrease, is that the full 15-percent decrease under the first alternative cannot be made unless the first 5-percent decrease takes effect before July 1, 1956. Subparagraph (C) does not apply to the second alternative (the authority to reduce by 50 percent of the January 1, 1945, rate in case of negligible quantities or no imports), or to the third alternative (the authority to reduce a rate to 50 percent ad valorem). The exception to the June 30, 1958, deadline in the case of the first alternative method (the 15-percent decrease authority) relates to the situation where, by reason of legislation of the United States or action thereunder, a decrease which had been made by virtue of the exercise of that authority and given effect, and which was thereafter nullified, could be reapplied (and its successive stages, if any, applied), even though the 3-year period extended beyond June 30, 1958. The following illustrates the application of subparagraph (C) in a case where the first decrease takes effect before July 1, 1956:

(1) Assume the following:

(A) The first 5 percent decrease takes effect on April 15, 1956, and remains in effect until the close of November 30, 1956 (a total of 230 days).

(B) On December 1, 1956, the reduced duty is increased as a consequence of an escape-clause action.

(C) The duty resulting as a consequence of the escape-clause action remains in effect through May 31, 1957 (a total of 182 days).

(D) On June 1, 1957, the decreased rate is restored.

(2) Under the facts stated in paragraph (1) above, the 5-percent decrease will not have been in effect for a total period of 1 year until the close of October 13, 1957. Thus, if the second decrease is to become effective it must become effective no earlier than October 14, 1957, and no later than December 29, 1958 (182 days after June 30, 1958). In order to permit the third decrease to become effective, the second decrease must become effective on or before December 29, 1957.

(3) If the second decrease takes effect on October 14, 1957, and remains in effect for 1 year through October 13, 1958, then the third decrease could take effect at any time on or after October 14, 1958, and before December 30, 1958.

Subparagraph (D) of this paragraph permits the rounding out of rates in order to simplify the computation of the amount of duty under any of the alternative methods of decreases. Under the precise application of the limitations specified in the alternative methods (and particularly under the 3-step application thereof) unusual and cumbersome fractions might be present in some rates. To avoid complication of tariff schedules by including such fractions, provision is made for a narrow tolerance, not to exceed one-half of 1 percent ad valorem, for rounding out such fractions to whole numbers or to fractions such as are customarily used in our tariff schedules. The purpose of this provision is to contribute to tariff simplification by

avoiding burden on trade represented by rates stated in complicated fractions which make computations of duties difficult.

Paragraph (4) of subsection (a) adds to section 350 a requirement that the President, in exercising his authority under that section, is to avoid the subdivision of classification categories to the maximum extent he deems practicable and consistent with the purpose of section 350. This provision was inserted in order that further complication of the existing tariff structure might be avoided. It does not authorize reclassification of any article, but refers to the breaking up of an existing classification into additional subdivisions.

Paragraph (5) of subsection (a), as amended by the committee, provides that trade-agreement concessions shall apply to imports of the goods of all countries, except that the President shall, as soon as practicable, suspend the application of these rates to the products of countries which discriminate against American commerce or engage in other conduct tending to defeat the purpose of section 350. As under existing law, this provision is subject to section 5 of the Trade Agreements Extension Act of 1951, which requires the President to withdraw benefits of trade-agreement concessions to imports from U. S. S. R. and from any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement. By making its amendment, the committee intends that the President withdraw most-favored-nation treatment from a country after he has had reasonable time to make efforts to get that country to cease its discriminatory treatment against American commerce or to rectify the other acts or policies which in his opinion tend to defeat the purpose of section 350.

Paragraph (6) of subsection (a) authorizes the President to terminate at any time, in whole or in part, any proclamation made pursuant to section 350. This continues a provision of existing law; it has been moved to this separate paragraph solely for reasons of clarity.

Subsection (b) of section 3 of the bill amends existing law to make clear the limits of authority to reduce tariffs with respect to products of Cuba.

Paragraph (1) of this subsection (b) deals with foreign trade agreements, whether with Cuba or any other country, which may be entered into before June 12, 1955, and continues unchanged the present authority to decrease duties on Cuban products to 50 percent of the rates existing on January 1, 1945, for such products.

Paragraph (2) of this subsection deals with trade agreements which may be concluded on or after June 12, 1955. Just as the proposed subsection (a) (2) (D) of section 350 confers authority to reduce general rates of duty (applicable to products other than Cuban products) by the use of 3 alternative methods, this paragraph gives parallel authority (the same 3 alternatives) with respect to the rates applicable to Cuban products, which in most cases are preferential. Under the third alternative method, the President could reduce all general rates which exceed 50 percent ad valorem to 50 percent ad valorem; in giving parallel authority with respect to products of Cuba, the last sentence of this paragraph authorizes the President to establish a rate for Cuban products lower than 50 percent ad valorem if necessary to maintain the absolute margin of preference to which the products of Cuba are entitled. Any decreases in the Cuban rates under the three alternatives must also be spread over a period of at least 3 years.

The reference to subsection (a) (2) (E) in this paragraph would permit decreasing duties on Cuban products to 50 percent of the rates existing on January 1, 1945, for such products if the trade agreement involving Japan is not entered into until on or after June 12, 1955.

Subsection (c) of section 3 makes necessary technical amendments to subsection (c) of section 350 to conform with substantive changes in other parts of the bill. It is made clear that the limitations on increases or decreases in duty relate to rates of duty other than rates of duty which apply to products only by reason of action taken under section 5 of Trade Agreements Extension Act of 1951. For a discussion of the new paragraph (2) (C), see the explanation contained in the paragraph explaining subsection (a) (2) (E).

It was considered unnecessary to include among the definitions contained in subsection (c) of section 350 a definition of the term "customs formalities," since that term has a well-established meaning when used in connection with reciprocal trade agreements and in connection with the administration of the customs laws of the United States. When so used, such term relates only to the character, form, and number of the papers required and procedural steps to be taken for clearing articles, carriers, and persons through customs. It does not include matters entering into the amounts of duties required to be paid on particular articles, such as the terms of statutes or proclamations under which imports are classified to determine their tariff status and statutory provisions under which values for duty are fixed.

Subsection (d) of section 3 adds a new subsection (e) to section 350, requiring the President to submit to Congress annually a report on the trade-agreements program as recommended by the Commission on Foreign Economic Policy. The report is to contain, among other things, information on modifications of trade agreements, including a report on the incorporation of escape clauses in existing agreements, and information relating to agreements entered into.

Section 4: This section deletes the requirements now in section 6 (b) of the Trade Agreements Extension Act of 1951 that the President report semiannually regarding action taken to incorporate escape clauses into existing agreements. New developments on this score would be covered by the comprehensive annual report of the President provided for in the new section 350 (e) described above.

Section 5: The bill as introduced contained a section 5 which would have authorized the President, without entering into any foreign trade agreement, to reduce by 50 percent the rate of duty existing on January 1, 1945, in the case of any product which was not being imported into the United States or was being imported into the United States only in negligible quantities. Under the committee amendment, this section is deleted from the bill.

IV. CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 350 OF THE TARIFF ACT OF 1930

SEC. 350. (a) (1) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce), by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

[(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

[(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 per centum any rate of duty, however established, existing on January 1, 1945 (even though temporarily suspended by Act of Congress), or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly, or indirectly: *Provided*, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purposes set forth in this section; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part.]

(A) *To enter into foreign trade agreements with foreign governments or instrumentalities thereof containing provisions with respect to international trade, including provisions relating to tariffs, to most-favored-nation standards and other standards of nondiscriminatory treatment affecting such trade, to quantitative import and export restrictions, to customs formalities, and to other matters relating to such trade designed to promote the purpose of this section similar to any of the foregoing: Provided, That, except as authorized by subparagraph (B) of this paragraph, no such provision shall be given effect in the United States in a manner inconsistent with existing legislation of the United States.*

(B) *To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.*

(2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made—

(A) *Increasing by more than 50 per centum any rate of duty existing on January 1, 1945.*

(B) *Transferring any article between the dutiable and free lists.*

(C) *In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, decreasing by more than 50 per centum any rate of duty existing on January 1, 1945.*

(D) *In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, decreasing (except as provided in subparagraph (E) of this paragraph) any rate of duty below the lowest of the following rates:*

(i) *The rate 15 per centum below the rate existing on July 1, 1955.*

(ii) *In the case of any article which the President determines, at the time the foreign trade agreement is entered into, is not being imported into the United States or is being imported into the United States in negligible quantities, the rate 50 per centum below the rate existing on January 1, 1945.*

(iii) In the case of any article subject to an ad valorem rate of duty above 50 per centum (or a combination of ad valorem rates aggregating more than 50 per centum), the rate 50 per centum ad valorem (or a combination of ad valorem rates aggregating 50 per centum). In the case of any article subject to a specific rate of duty (or a combination of rates including a specific rate) the ad valorem equivalent of which has been determined by the President to have been above 50 per centum during a period determined by the President to be a representative period, the rate 50 per centum ad valorem or the rate (or a combination of rates), however stated, the ad valorem equivalent of which the President determines would have been 50 per centum during such period. The standards of valuation contained in section 402 of this Act (as in effect during the representative period) shall be utilized by the President, to the maximum extent he finds such utilization practicable, in making the determinations under the preceding sentence.

(E) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, to which the Government of Japan is a party and with respect to which notice of intention to negotiate was published on November 16, 1954 (19 F. R. 7379), if the President determines that such decrease is necessary in order to provide expanding export markets for products of Japan (including such markets in third countries), decreasing by more than 50 per centum any rate of duty existing on January 1, 1945.

(3) (A) Subject to the provisions of subparagraphs (B) and (C) of this paragraph, the provisions of any proclamation made under paragraph (1) (B) of this subsection, and the provisions of any proclamation of suspension under paragraph (5) of this subsection, shall be in effect from and after such time as is specified in the proclamation.

(B) In the case of any decrease in duty to which paragraph (2) (D) of this subsection applies—

(i) if the total amount of the decrease under the foreign trade agreement does not exceed 15 per centum of the rate existing on July 1, 1955, the amount of decrease becoming initially effective at one time shall not exceed 5 per centum of the rate existing on July 1, 1955;

(ii) except as provided in clause (i), not more than one-third of the total amount of the decrease under the foreign trade agreement shall become initially effective at one time; and

(iii) no part of the decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year.

(C) No part of any decrease in duty to which the alternative specified in paragraph (2) (D) (i) of this subsection applies shall become initially effective after the expiration of the three-year period which begins on July 1, 1955. If any part of such decrease has become effective, then for purposes of this subparagraph any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

(D) If the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed any limitation specified in paragraph (2) (D) or (E) of this subsection or subparagraph (B) of this paragraph by not more than whichever of the following is lesser:

(i) The difference between the limitation and the next lower whole number, or

(ii) One-half of 1 per centum ad valorem.

In the case of a specific rate (or of a combination of rates which includes a specific rate), the one-half of 1 per centum specified in clause (ii) of the preceding sentence shall be determined in the same manner as the ad valorem effect of rates not stated wholly in ad valorem terms is determined for the purposes of paragraph (2) (D) (iii) of this subsection.

(4) In exercising his authority under this section, the President shall avoid, to the maximum extent he deems practicable and consistent with the purpose of this section, the subdivision of classification categories.

(5) Subject to the provisions of section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362), duties and other import restrictions proclaimed pursuant to this section shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly: Provided, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purpose of this section.

(6) The President may at any time terminate, in whole or in part, any proclamation made pursuant to this section.

(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on December 11, 1902, or to preclude giving effect to an exclusive agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba. Nothing in this Act shall be construed to preclude the application to any product of Cuba (including products preferentially free of duty) of a rate of duty not higher than the rate applicable to the like products of other foreign countries (except the Philippines), whether or not the application of such rate involves any preferential customs treatment. No rate of duty on products of Cuba [shall in any case be decreased by more than 50 per centum of the rate of duty, however established, existing on January 1, 1945 (even though temporarily suspended by Act of Congress)] shall be decreased—

(1) *In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, by more than 50 per centum of the rate of duty existing on January 1, 1945, with respect to products of Cuba.*

(2) *In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) (D) or (E) (subject to the provisions of subsection (a) (3) (B), (C), and (D)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) (iii) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled.*

(c) (1) As used in this section, the term "duties and other import restrictions" includes [(1)] (A) rate and form of import duties and classification of articles, and [(2)] (B) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports.

(2) *For purposes of this section—*

(A) *Except as provided in subsection (d) and subparagraph (C) of this paragraph, the terms "existing on January 1, 1945" and "existing on July 1, 1955" refer to rates of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on the date specified, except rates in effect by reason of action taken pursuant to section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362).*

(B) *The term "existing" without the specification of any date, when used with respect to any matter relating to the conclusion of, or proclamation to carry out, a foreign trade agreement, means existing on the day on which that trade agreement is entered into.*

(C) *In applying paragraphs (2) (D) (i) and (3) (B) (i) of subsection (a), the rate of duty on an article included in a foreign trade agreement with respect to which notice of intention was published on November 16, 1954 (19 F. R. 7379), if such agreement is entered into before July 1, 1955, shall be considered to be the rate "existing on July 1, 1955".*

(d) (1) When any rate of duty has been increased or decreased for the duration of war or an emergency, by agreement or otherwise, any further increase or decrease shall be computed upon the basis of the post-war or post-emergency rate carried in such agreement or otherwise.

(2) Where under a foreign trade agreement the United States has reserved the unqualified right to withdraw or modify, after the termination of war or an emergency, a rate on a specific commodity, the rate on such commodity to be considered as "existing on January 1, 1945" for the purpose of this section shall be the rate which would have existed if the agreement had not been entered into.

(3) No proclamation shall be made pursuant to this section for the purpose of carrying out any foreign trade agreement the proclamation with respect to which has been terminated in whole by the President prior to the date this subsection is enacted.

(e) *The President shall submit to the Congress an annual report on the operation of the trade agreements program, including information regarding new negotiations, modifications made in duties and import restrictions of the United States, reciprocal concessions obtained, modifications of existing trade agreements in order to effectuate more fully the purposes of the trade agreements legislation (including the incorporation therein of escape clauses), and other information relating to that program and to the agreements entered into thereunder.*

SECTION 6 OF THE TRADE AGREEMENTS EXTENSION ACT OF 1951

SEC. 6. (a) No reduction in any rate of duty, or binding of any existing customs or excise treatment, or other concession hereafter proclaimed under section 350 of the Tariff Act of 1930, as amended, shall be permitted to continue in effect when the product on which the concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

(b) The President, as soon as practicable, shall take such action as may be necessary to bring trade agreements heretofore entered into under section 350 of the Tariff Act of 1930, as amended, into conformity with the policy established in subsection (a) of this section.

【On or before January 10, 1952, and every six months thereafter, the President shall report to the Congress on the action taken by him under this subsection.】

MINORITY VIEWS

We are opposed to H. R. 1.

There are those who seek to identify the opposition to this legislation as simply "high tariff." This approach obscures the real issues presented by the bill, and it ignores the fact that the United States is already among the very lowest tariff nations of the world.

We do not base our opposition to H. R. 1 on the ground that there should be a general increase in tariffs. In fact, we recognize that in selective areas actual reductions in existing tariffs might be appropriate.¹

On the contrary, we base our opposition on this basic premise: that any tariff policy of the United States should at least place foreign producers, having lower costs, in a comparable competitive position in the United States market with efficient, domestic producers. Such a policy should not discriminate in favor of foreign producers and against United States labor and producers. In addition, it should give full weight to considerations of national defense and to domestic health and welfare, and should provide adequate and effective procedures to accomplish these objectives.

We agree with the statement of President Eisenhower contained in his first state of the Union message February 2, 1953, when he declared in connection with his request for extension of the trade-agreements authority:

This objective must not ignore legitimate safeguarding of domestic industries agriculture, and labor standards.

We agree with the report of the Commission on Foreign Economic Policy when it declares that—

American labor should not be subjected to unfair competition as a part of any program to expand our foreign trade.

We cannot agree that H. R. 1 contains such provisions and safeguards.

ANALYSIS OF H. R. 1

1. *Summary of rate reductions authorized.*—As reported by the committee, H. R. 1 authorizes the following decreases in rates of duty:

(a) Fifteen percent below the July 1, 1955, rate with respect to all rates of duty;

(b) Fifty percent below the January 1, 1945, rate on articles normally imported in negligible quantities;

(c) Down to 50 percent ad valorem where rates are above that percentage; and

(d) As for Japan, 50 percent below the January 1, 1945, rate if the trade agreement is entered into between June 12, 1955, and July 1, 1955, to be followed by the additional 15-percent reduction below the new July 1, 1955, rate.

¹ In this connection, two of the undersigned, Mr. Reed and Mr. Mason, have introduced bills, H. R. 3609 and H. R. 3604, respectively, to suspend the tariff on imports of aluminum, and Mr. Reed has introduced a bill, H. R. 3202, to extend the present suspension of duty on imports of copper.

The authority to make such rate reductions expires on July 1, 1958, and there is no provision that these reductions shall be noncumulative.

In all its hearings, the committee obtained no facts as to the likely effect of the proposed tariff reductions upon our imports or exports. There was no evidence as to the articles which will be affected by the proposed reductions nor as to the reason why "5 percent per year" is of singular validity as distinguished from other percentages. Likewise, there was no information available to the committee as to why "50 percent," as distinguished from some other percentage, is the proper amount to which rates in excess of that figure should be reduced. Nor were we told what items are imported in "negligible" quantities or the justification for an arbitrary reduction in the rates of duty on such commodities by 50 percent.

While the report of the Commission on Foreign Economic Policy as well as the President's message to the Congress emphasizes that tariff reductions must be applied selectively, H. R. 1 is significantly silent on this point.

2. *Broader powers conferred by H. R. 1.*—The present basic authority granted the President is "to enter into foreign trade agreements with foreign governments or instrumentalities thereof;". The bilateral agreements from 1934 to 1943 and the multilateral agreements from 1947 to date were entered into under this authority. H. R. 1 provides a broader statement of this authority.

The language which H. R. 1 adds to the basic grant of powers to the President is descriptive of the subjects covered in the commercial policy section (as contrasted with the organizational provisions) of GATT, an international agreement described below. Under H. R. 1, the President would be authorized (*italicized words are new language*)—

To enter into foreign trade agreements with foreign governments or instrumentalities thereof *containing provisions with respect to international trade, including provisions relating to tariffs, to most-favored-nation standards and other standards of nondiscriminatory treatment affecting such trade, to quantitative import and export restrictions, to customs formalities, and to other matters relating to such trade designed to promote the purpose of this section similar to any of the foregoing: Provided, That no such provision shall be given effect in the United States in a manner inconsistent with existing legislation of the United States.*

We have been unable to determine the intended purpose of this new language. We have been told that it is merely descriptive of the authority which the State Department already assumes it has and which it has already exercised. If this is, in fact, the case, we see no necessity for its inclusion in this legislation. The specific grants of authority which are now mentioned for the first time, such as "quantitative import and export restrictions" and "customs formalities" are themselves so vague as to furnish no clear guide as to what is meant. However, the grant also extends to "such other matters relating to such trade designed to promote the purpose of this section similar to any of the foregoing." No one knows to what this refers. Is it intended to constitute authorization or approval for the substantive provisions of GATT? Absolutely no need for this new language has been demonstrated. It should be eliminated as unnecessary.

In addition, for the first time H. R. 1 would explicitly authorize the President to commit the United States in a trade agreement with one country to grant concessions to unnamed third countries. This unique provision is designed to implement the declared purpose of the negotiations with Japan (sec. 3 (a) (2) (E) of the bill)—namely, to

provide expanding export markets for that country's products, including such markets in third countries. This is in contrast to the Trade Agreements Act's stated purpose of "expanding foreign markets for products of the United States." It, thus, eliminates the concept of reciprocity which underlies all previous delegations of tariff authority.

3. *Relation to GATT.*—GATT is an abbreviation for the General Agreement on Tariffs and Trade, an international agreement to which the United States is a party.

The contracting parties to GATT bind themselves with respect to tariff rates, quotas, countervailing duties, etc. Presumably, the United States does not, as a member of GATT, bind itself in contravention of existing legislation by the Congress. But in areas in which Congress has not acted, an agreement within GATT (for example as to agricultural import quotas) would in practice preclude future congressional action in the same area if such action would be in violation of the GATT agreement.

GATT has never been submitted to the Congress for approval. We are concerned that the sweeping grant of authority discussed above can be interpreted as constituting such approval. It has been denied that this is the intention but the new language contained in the bill would seem to speak for itself, perhaps with especial clarity to the other members of GATT.

Recent extensions of the trade-agreements authority have contained this provision:

The enactment of this Act shall not be construed to determine or indicate the approval or disapproval by the Congress of the Executive agreement known as the General Agreement on Tariffs and Trade.

An identical amendment to H. R. 1 was offered in the committee and rejected by the majority. We are at a loss to understand that rejection. An amendment was adopted to H. R. 1 to provide that its enactment will not constitute approval or disapproval of the organizational provisions of any trade agreement. We raise the question of whether this amendment does not by inference clearly imply approval of the substantive provisions of GATT.

4. *Ultimate uncertainty of rate reductions.*—Both the report of the Commission on Foreign Economic Policy and the message of the President to the Congress on January 10, 1955, recommended the grant of authority to reduce "existing" tariffs by 15 percent. It might be supposed that this recommendation referred to a reduction in tariff rates now in effect. If that were so, the Congress would have a clear guide at least to how much of a reduction authority it was delegating in H. R. 1. However, that is not the case.

H. R. 1 provides that the 15-percent reduction shall be made with respect to the rates "existing on July 1, 1955." Why is this significant? It is significant and vitally important because negotiations are about to commence with Japan and subsequent negotiations with many GATT parties in Geneva. Any tariff concessions granted to Japan will be extended automatically under the most-favored-nation principle to all countries of the world (outside the Communist bloc). If these concessions are granted prior to July 1, 1955, the new rates will form the basis for the additional 15-percent reduction. As a result, neither Government witnesses before the committee nor the

Tariff Commission have been able to give any estimate of what the ultimate level under the reductions authorized by H. R. 1 will be.

5. *Uncertainties in authority to reduce tariffs on articles imported in negligible quantities.*—Under H. R. 1, a rate on an article which the President determines is not “normally” imported, or is “normally” imported in “negligible quantities,” may be cut 50 percent below the January 1, 1945 rate. The bill contains no definition of the term “negligible.” There is no specification as to the group, class or industry, nor any reference as to what commodities or articles might be affected by this authority. Nor is there any definition as to the measure of time or circumstances bearing upon the imports which should be used. Certainly the use of the word “normally” is no real aid to definition. Not only does H. R. 1 contain no definition of what is meant by this provision but no satisfactory explanation was furnished the committee of how it is intended to administer the provision. This type of delegation without ascertainable standards represents an abdication of constitutional responsibility.

BASIC CONSIDERATIONS

We recognize that the economic well-being of the non-Communist countries is of vital importance to the security of the free world. Economic strength is inseparable from military strength. We recognize, moreover, that foreign trade is of far greater significance in the economies of most foreign nations than it is to our own.

However, in achieving the goal of economic strength for our friends abroad, we do not believe it necessary to sacrifice either particular industries or particular skills in the United States. To do so, would only serve to defeat the very objective we seek. A sound, stable, and prosperous economy in the United States is the most vital single factor for a sound world economy. This is because of the tremendous rate of consumption of world products arising from the high standards of living prevailing in the United States. Moreover, a solid United States defense structure, founded upon a strong industrial base, is a prime requisite for peace and security in the world.

No evidence has been produced which would demonstrate the need for economic sacrifice by selected segments of the American people at this time. Even proponents of H. R. 1 will agree that injury to individual domestic industries including their workers, their workers' families, and the communities in which they live, either will or may occur from a further lowering of our tariffs. The facts simply do not justify such a risk.

The Commission on Foreign Economic Policy said that “by any test that can be devised the United States is no longer among the higher tariff countries of the world.” Since passage of the original reciprocal trade agreements legislation in 1934, average tariff rates of the United States have been reduced by 70 percent. Already, the United States stands seventh from the bottom of a list of 45 nations with respect to the average level of their tariff structure. Certainly, it cannot be said that the United States has not done its fair share already in reducing trade barriers. Imports into the United States from abroad are at the rate of almost \$11 billion annually, the highest in history. The economies of our friends abroad are booming. Official reports in Great Britain show that, in 1954, it had its best year in history and anticipates a better year in 1955. In fact, there is

some concern, expressed by official British agencies, that power and other facilities in Great Britain may not be adequate to meet the requirements of its expanding economy. Western Germany's economic recovery has far exceeded anticipations and, in fact, in some areas, is surpassing prewar production of both East and West Germany combined. Other European countries show similar improvement. In almost all Western European countries, gold and dollar reserves are at an alltime high.

Even employment is reaching high levels abroad. Despite an influx of refugees and an increase of 13 percent in Germany's labor force, unemployment in that country averaged only 6.2 percent in 1954.

A recent report of the Organization for European Economic Cooperation states that unemployment in Germany was down to 3.5 percent at the 1954 summer low point. England has no unemployment. Recent advices state that 340,000 jobs are available and unfilled in that country—90,000 more jobs available than the number of unemployed. In contrast, there are 3,730,000 unemployed in the United States—5 percent of our work force and double the percentage of a year ago, despite a multi-billion-dollar defense program.

We have not had sufficient experience with normal operation of our recent tariff policy either to evaluate that policy as it is today or to determine what our tariff should be in the future. We simply do not have the facts. As was stated by the report of the Commission on Foreign Economic Policy:

The world, including the United States, has had no experience for any considerable period of time with our present tariffs under conditions which might be termed relatively normal. The Trade Agreements Act was enacted while we were in the middle of a depression. Many bilateral trade agreements, involving many reductions in our duties, were made during the first 5 years the act was in effect, but there had been limited opportunity to observe their effect before our trade, already distorted, was further disrupted by the outbreak of war.

Since the termination of World War II the patterns of both our exports and our imports have been abnormal. There was an unusually large demand for our exports, both for consumption and for rebuilding a war-torn world, and an interruption in the growth of our imports, arising out of the same causes. The Korean war resulted in a further distortion. Resulting imbalances were financed largely through our foreign loan and grant programs. During this period, we continued to make further agreements involving still greater reductions in our tariffs.

Now, we find ourselves facing demands for further opening of our markets at a time when our commercial exports are in approximate balance with the highest level of imports ever reached, while the world as a whole has considerably rebuilt its holdings of gold and dollar reserves.

Today, imports have begun to flow into the United States in sufficient quantities to cause injury in specific areas of the domestic economy. However, the extent of those imports constitutes no measure whatsoever of the competitive potential which we face in the future. The industrial machines of England, Germany, Belgium, France, Italy, and Japan have only recently been reconstructed and expanded. Other parts of the world, such as India, are becoming rapidly industrialized for the first time. None of these countries has as yet reached nearly full capacity. The United States, with its high wages and mass purchasing power, is the greatest market in the world. Sharing in this market is the logical goal of every expanding producer in the world.

We have seriously questioned in the past the efficacy of existing procedures for safeguarding domestic industry and workers from injury. The significance of this inadequacy becomes far greater today in view of the resurgence of foreign industry.

THE INADEQUACY OF EXISTING SAFEGUARDS

The peril-point and the escape-clause provisions of the present law were intended by the Congress to provide the mechanism whereby domestic industries and workers would be protected from serious injury resulting from imports. Neither provision has achieved this objective in the past and nothing in H. R. 1 corrects this deficiency.

The "peril point" provides that before any reduction in a tariff rate on a specific product can be made, the President must obtain the advice of the Tariff Commission as to the rate below which it believes a reduction could not be made without causing or threatening serious injury to "domestic industry" producing the product. No relief has, as yet, been provided under this provision.

In the event that tariff concessions result in such increased imports as to cause or threaten serious injury to the domestic industry, the concession may be withdrawn or modified in accordance with a provision, known as the "escape clause," which must be incorporated in every agreement. Upon petition any interested party may request the United States Tariff Commission to make an investigation and report to the President whether or not a concession has been the cause of serious injury or the threat thereof.

Since institution of the escape-clause procedure in 1948, there have been 59 applications for relief to the Tariff Commission. In 15 of these cases, the Commission found injury or the threat of injury and so reported to the President. In only five of these cases has the President taken action in response to the report of the Commission. These were:

Women's fur felt hats and hat bodies (October 30, 1950)

Hatters' fur (January 5, 1952)

Dried figs (August 16, 1952)

Alsike cloverseed (June 30, 1954)

Watches, movements, and parts (second investigation) (July 27, 1954)

Among serious criticisms of the present escape-clause procedure is that the Tariff Commission ignores the fact of injury to a significant segment of the affected industry and looks, instead, to the question of whether or not the industry as a whole is injured. Moreover, the law does not provide that the Commission consider impairment of the national defense in its consideration of the effect of imports on domestic producers.

Escape-clause proceedings before the Tariff Commission are lengthy and involve exhaustive public hearings. Every available fact is laid before the Commission. However, in his rejection of escape-clause recommendations, the President has frequently expressed his disagreement with the finding of the Commission as to the *fact of injury*. This disagreement over the facts has been based upon several grounds.

For example, the President may decide that injury has occurred, not because of imports as found by the Tariff Commission, but as the result of a nontrade factor such as a shift in consumer demand. Or the President may base his decision on evidence supplied to him by other agencies, including foreign governments. Or the President may decide that some overriding consideration of the national interest may require disregarding of the fact of injury. It is obvious, therefore, that there is considerable uncertainty in the outcome of escape-clause procedures.

We believe this to be particularly unfortunate when a domestic industry, typically a small industry, goes to great expense of both time and money to pursue its claim before the Tariff Commission, secures a determination by this bipartisan agency that serious injury as a result of imports does in fact exist, and then discovers that the recommendation of the Commission has been disregarded on the basis of other evidence not presented in the proceedings to which it was a party and with respect to which it has had no opportunity to rebut or otherwise explain.

The domestic industry has no appeal from the findings of fact of the Tariff Commission. It has no further forum in which to pursue its case. We believe, therefore, that our legal traditions as well as elementary principles of justice require that the findings of fact by the Tariff Commission be conclusive on the President as well as on all other interested parties. We cannot believe it desirable that these findings of fact be set aside on the basis of evidence produced, for example, by a foreign government or a foreign industry and channeled through the State Department outside of the public proceedings and beyond the public forum contemplated by the law.

Therefore, while we also recognize many other inadequacies of the escape-clause procedure, it would seem that, as the very minimum, the findings of fact by the Tariff Commission as to the existence of injury be conclusive.

DEFENSE CONSIDERATIONS

We were deeply disturbed during the public hearings by testimony from many segments of industry concerning the defense implications of our tariff policy. As we stated earlier in this report, "a solid United States defense structure, founded upon a strong industrial base, is a prime requisite for peace and security in the world." Certainly, the impact of tariff policy upon the Nation's security must be scrutinized with the greatest care.

Essential industries, essential plant capacities, essential skills, and sources of essential raw materials must be preserved, developed and expanded so that the Nation can quickly call upon them in time of emergency.

While many advocates of a further general reduction in tariffs profess not to be seeking complete free trade as their ultimate objective, their underlying philosophy is that the United States should import those things which can be produced more cheaply abroad and that our own economy should in turn emphasize production of those things which we ourselves can produce more cheaply. This theory presupposes economic specialization among the countries of the world.

We reject both the theory and its practice as perilous to the safety of the United States. If this were truly "one world," perhaps one might overlook some of the fallacies we believe to be implicit in such a philosophy, but it is not. The world is divided into two armed camps. Both our survival as a nation and the principles of freedom upon which our way of life is founded are at stake. Elimination of certain industries because of their inability to match foreign competition appeals to the theorist on the ground that it is "economically efficient." It does not appeal to us because it leaves the Nation vulnerable to economic and military attack. Our economic strength must have the broadest base possible.

Those of us who are familiar with tariff history will recall that prior to World War I this country had no substantial chemical industry. We paid a heavy price at the time for that gap in our economic security. A domestic chemical industry was built up during the war period. Immediately following the close of World War I, cheap German chemicals flooded our market. There was no tariff protection, and our infant industry was almost destroyed.

At that time, Dr. Frank William Taussig, noted free-trade economist, advised the United States to let Germany monopolize organic chemicals. He said:

* * * As a matter of the international division of labor, the people of the United States would do well to turn to other things on which they work to better advantage, and get their dyestuffs (organic chemicals) from Germany * * *

The country ignored this advice and enacted the Emergency Tariff Act of 1921 which gave the industry essential protection. That we did not accept such advice was an important factor in our World War II victory. Without synthetic organic chemicals, the United States would have had no synthetic rubber, no sulfa drugs, and no plastics.

The industry today is facing a similar threat from reactivated and expanded German chemical production. Already, we have been told, domestic production of certain chemicals has ceased, and development and expansion of new products has been hampered because of growing competition from increasing imports. This fact becomes all the more significant because only now is world trade beginning to recover from the effects of war and postwar reconstruction.

The electrical machinery and electrical apparatus industry is another case in point. No one would question the essentiality to our security of critical power installations. However, plants which have been built since the Korean crisis on the basis of certificates of necessity to defense mobilization are now partially idle because of purchases of foreign electrical equipment produced with low labor costs. In addition, such equipment installed by foreign firms, with foreign plans, could neither be repaired nor replaced quickly. This aspect of our foreign-trade policy gives us grave concern.

Another example is the machine-tool industry. That industry is another bulwark of our economic and military strength. Yet machine tools which are identical in every way to the American models—even built to the same blueprints—can be and are being produced abroad at a fraction of the American cost and then shipped back to the American market. It is no answer in our minds to say that our machines are better and, thus, can survive this type of competition. The fact is that many foreign machine tools are of the highest grade.

France and Great Britain depended upon German machine tools before World War II. This was an important contributing factor to the downfall of France, and, except for the United States machine-tool industry, it could have meant the downfall of Great Britain. We must not depend on foreign factories for our industrial mobilization base.

Preservation and expansion of domestic sources of essential raw materials are also vital to our Nation's security. Yet, our capacity to produce coal, oil, lead, zinc, tungsten, manganese, and a variety of other raw materials, has been damaged by imports.

The above are some examples of our concern. Many other indus-

tries, such as precision and optical instruments, have presented equally grave cases.

H. R. 1 is devoid of any provision relating to the essential factor of national security. Section 2 of the Trade Agreements Extension Act of 1954 prohibits the reduction of duty on any article under a trade agreement if the President finds that such reduction would threaten domestic production needed for projected national-defense requirements. The committee has received no evidence concerning the implementation of this provision with respect to products included in the forthcoming Japanese negotiations and the Geneva multinational negotiations. H. R. 1 does not contain any standards or procedures to guide the President in implementing this important provision. Several amendments directed to a solution of this problem were rejected by the majority—as a result, we believe, of inadequate consideration.

THE WAGE DIFFERENTIAL PROBLEM

There is no disagreement that the level of wages abroad is substantially below that in the United States. Foreign wages average between one-tenth and one-third those paid domestically.

We recognize, of course, that wage levels and unit labor costs are not the sole factors in the cost of production, either at home or abroad. The cost of new capital, the cost of raw materials, the cost of plant and equipment, the rate of productivity, the level of taxes, Government-financed long-term credit and other Government subsidies on exports, and many other items must be taken into consideration. However, we have been impressed with the fact that the level of these other items of cost to the foreign producer is not necessarily greater and is often lower than that of similar cost to the American producer. For example, interest rates on new capital in Great Britain, Switzerland, Belgium, the Netherlands and several other countries of Western Europe are either the same or are approximately equivalent to prevailing rates in the United States. Corporation taxes are frequently lower. In Germany, for example, the effective corporate tax rate is 39.85 percent as compared with 52 percent in the United States, and depreciation allowances are considerably more liberal. Moreover, plant construction costs in Germany are approximately 50 percent of those in the United States.

Be that as it may, the cost of labor is the largest single factor resulting in the lower prices of foreign-made goods. Some suggest that this differential can more than be compensated for by greater efficiency, better machines, and better techniques on the part of the American producer. In the case of certain mass-produced items, this may be true. However, even this advantage may be only temporary as American know-how increasingly is being exported abroad under the various technical assistance programs.

On the other hand, the wage differential is frequently so great, particularly with respect to articles in which labor is necessarily a preponderant factor, that the domestic producer has an almost insuperable handicap.

The argument is often made that the American consumer not only should have the opportunity to take advantage of these lower foreign labor costs but should be encouraged to do so through legislation, such as H. R. 1. We agree that lower prices to consumers are an important

objective. However, in achieving that goal, we must not overlook the fact that American consumers are wage earners paid by American standards.

The United States has fostered high wages and high labor standards generally by a complex body of Federal and State legislation. We prohibit child labor and sweatshops. We prohibit the interstate shipment of prison-made goods. We encourage unionization and require collective bargaining. We insist upon active competition through antitrust prohibitions. We impose social security and unemployment compensation taxes. We establish minimum wages. We require workmen's compensation. We impose a variety of other regulations designed to insure the health and safety of our workers. All of these are enforced uniformly throughout the United States despite geographic disparities. The Federal Government enforces these legitimate improvements in our standard of living by prohibiting, under the commerce power, the interstate shipment of goods made under conditions violating the various standards established by law.

We, too, in the United States could have lower consumer prices if we permitted child labor and sweatshops to exist. We, too, could make goods cheaper if the interests of our workers were ignored. However, we decided long ago that the standards of labor for American workers were a more important consideration.

There is a basic and obvious inconsistency in continuing to pursue that goal in the United States and, at the same time, in disregarding the impact upon our own labor standards by encouraging the importation of competitive foreign goods manufactured under conditions which would not be tolerated in our own country.

This is no theoretical matter but a practical situation which must be faced. Our committee was told of an American machine-tool manufacturer who is now having his tools built in Holland. The tool which the domestic producer could make for \$10,500 is made in Holland, from the American plans, for \$5,000. It is the identical product, and it is brought back to the United States for sale.

We cannot believe that this is healthy foreign trade. In our mind, it is no different, no better and no worse, than if the American manufacturer imported the Dutch workers and employed them in his United States plant at the wage rates prevailing in Holland. One can imagine the indignation that such a move would cause, and rightly so. Yet, this is the practical effect of the transaction.

As previously stated, the report by the Commission on Foreign Economic Policy, declares that "American labor should not be subjected to unfair competition as part of any program to expand our foreign trade." To this statement, the President has subscribed. We too are in accord. However, the only recommendation contained in the report of the Commission in this regard is that "our negotiators should simply make clear that no tariff concession will be granted on products made by workers receiving wages which are substandard in the exporting country." In our opinion this is completely inadequate. It is "unfair" to American workers in the United States to say that labor in Japan, at 10 or 11 cents an hour, is "fair" competition simply because it is not substandard in Japan. By United States law, such standards are "unfair" in the United States, just as are other "standards" in foreign countries relating to child labor, health, and basic principles of active and aggressive competition as we know

them. The word "unfair" as applied to United States workers and producers must be interpreted by United States standards only.

This is not to say that we should prohibit the entry of any goods made at lower labor costs or under different standards than in the United States. We do say that the time has come to stop ignoring these factors of international competition. The strongest bulwark against communism abroad would be a steadily rising standard of living based upon a steady increase in wages in foreign countries. We have seen no evidence that the wage differential between the United States and foreign countries has narrowed in recent years. In fact, the gap has widened—this at a time when foreign exports to the United States are at an alltime high. It may well be that greatly expanded imports into the United States will increase wealth abroad. We do not doubt it, but we have seen little evidence that much of the benefit of such increased trade will inure to the average workingman.

We believe that our trade negotiations should recognize the importance of work standards abroad. This does not mean that we should seek to police foreign economies. This would be both impractical and improper. On the other hand, the grant of a concession to our great American market is a privilege. It is not a right, as so many seem to think.

H. R. 1 contains nothing which pertains to labor standards. We should explore the possibility of denying further tariff concessions to goods made under conditions which would be substantially substandard in the United States. This could be done gradually and would furnish an encouragement to an upward adjustment of standards abroad.

An amendment along this line was offered in our committee but was rejected summarily.

EFFECT ON SMALL BUSINESS

There is widespread agreement, even among the proponents of H. R. 1, that tariff reduction will result in injury to selected segments of the domestic economy. Difference of opinion in this area goes only to the degree of that injury. We are concerned over the fact that the major impact of that injury will fall primarily upon small business in the United States.

A small business typically depends upon one product or upon a small group of closely related products. As a result, the adverse effect upon such a company of foreign imports often results in the closing down or drastic curtailment of the business operation. For this reason, the unavoidable injury to domestic industry resulting from further reduction in tariffs, will be borne most heavily by small businesses and their employees.

A leading proponent of tariff reduction, in testifying before our committee, described the plight of the wool-textile industry and commented that "the recent rash of mergers has helped." We are deeply disturbed over the implications of that remark. The current trend toward merger and consolidation among business enterprises is too well-known to require further emphasis. This trend, if it should continue unabated, will bring about a radical change in the American economic picture.

Small, vigorous, independent businesses are a vital part of our free-enterprise system. Any national tariff policy must give due weight

to this fact. However, despite its recognized importance, the Commission on Foreign Economic Policy, charged by the Congress with an exhaustive analysis of all aspects of the Nation's foreign trade policy, gave no attention to this problem. Nor does H. R. 1.

EFFECT ON AGRICULTURE

The relation between domestic agriculture and tariff policy are left in complete uncertainty by H. R. 1.

The United States today imposes quotas on the importation of specified agricultural commodities in order to maintain the integrity of domestic farm price support programs. The use of such quotas by the United States is today under violent attack by most of the other parties to GATT. The United States has already bound itself in GATT against the use of additional quotas in the future. As a result, Congress is in effect precluded from putting new agricultural commodities under the quota system should the need arise. Such an action would be deemed a violation of the spirit of our commitment to GATT.

While section 22 of the Agricultural Adjustment Act, as amended, authorizes the imposition of quotas on the importation of commodities which are subject to price support, all other domestic agricultural commodities are without this protection. As a result, the same authority to reduce rates and other import restrictions is extended to the President with respect to these other agricultural commodities as is applicable to imports generally.

WHY THE NEED FOR HASTE?

We have already pointed out that the organizational features of GATT are to be submitted to the Congress this session. It has been stated that H. R. 1 itself has no implications insofar as GATT is concerned. However, we believe that this is a judgment which the Congress is entitled to make for itself. This is especially true when it is dealing with a function which is vested specifically in the Congress by the Constitution. Therefore, we recommend that H. R. 1 not be acted upon until at least the organizational features of GATT have been laid before the Congress.

In this same connection, the last Congress directed the Tariff Commission to make a complete study of all provisions of the customs laws under which imported articles may be classified for tariff purposes. The Commission was directed to compile a revision and consolidation of the classification provisions, and to make its preliminary report to the Committee on Ways and Means by March 15, 1955 (Public Law 768, 83d Cong.). The report in question has not been received. It should be considered before further modifications of our tariff policy are acted upon.

We have also pointed out that trade negotiations are about to commence with Japan. Upon the list for possible concessions to Japan are such items as textiles, organic chemicals, cameras, chinaware, pottery, glassware, porcelain, optical instruments, fish products, and a great variety of other items. Any concessions to Japan will, of course, be extended automatically to other countries under most-favored-nation principles. And, as previously stated, H. R. 1 also contains a unique

provision specifically authorizing the United States to grant concessions to third countries in return for their granting concessions to Japan.

The forthcoming Japanese negotiations will have tremendous implications for the American economy. No less significant will be the subsequent negotiations with many GATT parties in Geneva. As already pointed out, Congress cannot possibly measure the additional grant of tariff reduction power contained in H. R. 1 until all these negotiations are completed. As we all know, in the past without obtaining reciprocal benefits our international negotiators have given away the bulk of our bargaining position in the field of world trade. Today, there remains little with which to obtain concessions from other countries. How can one justify a feeling of confidence in these negotiations for the future?

We therefore recommend that the additional power contained in H. R. 1 should not be delegated until the Congress has more information than it has today concerning the effect of forthcoming negotiations and until the report of the Tariff Commission has been received and studied.

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APPENDIXES

APPENDIX A

CRITICISMS OF TRADE AGREEMENTS PROGRAM

Charge: United States tariffs are already too low

Some opponents of the bill have testified that the United States tariffs are lower than those of most other countries. Starting from this premise they argue that the United States should not reduce its tariffs further. Several arguments can be set forth to rebut this contention. First, any discussion of levels of tariffs is misleading. Average levels found by computing the arithmetical rates between duties collected and the value of total dutiable imports does not give a meaningful picture. Indulgence in such a "numbers racket," as stated by Secretary of State Dulles, is not very fruitful. Secondly, the restrictiveness of a duty bears little relationship to the height of the tariff. A mathematically low duty on one product may be more restrictive than a high duty on another product. As tariff rates become more restrictive, therefore, they decrease the customs revenues collected and result in a lower rather than a higher ad valorem equivalent. Thus, to carry the reasoning to its logical conclusion, if the rates were made high enough to keep out all dutiable imports, the average ad valorem equivalent would be reduced to zero.

The Secretary of State in his testimony before the committee stated succinctly the other and more important reasons why it would not be in the national interest to cease tariff reductions. He pointed out that because the United States is the world's principal economic unit that it has the heaviest responsibility in the economic field. Other nations fear that the United States may shift the direction of our trade policy and turn to raising rather than lowering trade barriers. "Such fears, unless allayed," he said, "could set up a chain reaction which would gravely damage and disrupt the free world. It would bring to pass what Soviet forecasters have predicted and would provide hostile rulers with another opportunity greatly to expand their power."

The Secretary also pointed out that unless the United States remains in a position to exert a continuing influence upon the trade policies of the free world, the possibilities for expansion of foreign trade elsewhere probably will not be realized. New negotiating powers for the President will "enable the United States to make a new start in promoting freer trade policies on the part of other nations."

Charge: The trade-agreements program is not reciprocal

Another charge against the trade-agreements program is that other countries have nullified concessions to United States export trade by various restrictions against dollar imports. While it is true

that restrictions have been imposed on imports from the dollar area, these barriers have their roots in the need to conserve foreign exchange. As the balance-of-payments situation of those foreign countries with which we have trade agreements has improved they have relaxed their restrictions on imports from the United States.

A survey prepared by the Department of State reveals that import restrictions vis-a-vis the dollar area have been relaxed throughout the world during 1954. This survey is divided into two parts, one a listing of the overall liberalization that has taken place, and the second section dealing with specific cases of restrictions which have been alleviated through utilization of trade-agreement mechanisms.

RELAXATION OF RESTRICTIONS AGAINST DOLLAR IMPORTS

1. RESTRICTIONS ON IMPORTS FOR BALANCE-OF-PAYMENTS REASONS

During the post-World War II period many countries considered it necessary to take severe measures to help pull their economies out of the difficulties created by the war. Faced with limited supplies of dollars with which to pay for the goods they wished to buy from the United States, they have had to ration their funds through the use of import restrictions on dollar goods. The United States, recognizing the difficult economic situation created by the war, has attempted to minimize the damage to its commerce which has unavoidably resulted from these rationing measures. It has tried to insure that the restrictions would be relaxed as soon as improvement in the financial positions of the importing countries permitted. Consultations have been held with many countries in the General Agreement on Tariffs and Trade, the International Monetary Fund, the Organization for European Economic Cooperation, and in bilateral talks concerning dollar import restrictions.

These efforts by the United States have in part led to progressive elimination of restrictions against dollar goods. The 1954 Annual Report of the International Monetary Fund states: "There was a general trend toward the removal of barriers on trade and payments, and restrictive practices have been considerably reduced and modified."

A quantitative estimate of the extent of liberalization throughout the world is extremely difficult to develop. However, for Western Europe there has been a significant relaxation of restrictions on dollar imports since the beginning of 1953. In that year only three countries in Western Europe—Belgium, Switzerland, and the United Kingdom—had any degree of freedom with respect to goods imported from the dollar area without any limitation by licensing authorities. By the beginning of 1955, 7 additional countries had liberalized imports from the dollar area, with the overall percentage of liberalization for these 10 countries amounting to almost 60 percent based on statistics for imports on private account in 1953. The chart at the end of this section shows the extent of progress in freeing dollar imports from restrictions by these 10 OEEC countries. It should also be noted that the extent that restrictions against dollar imports have been relaxed would reflect even greater progress if account were taken of the more liberal treatment that is being afforded such imports by licensing authorities.

The following brief summary reflects the actions taken by the major trading countries of the free world to liberalize imports from the dollar area. Those countries which are not included have not relaxed their restrictions during the past year.

*I. Western Europe*¹

Belgium, Netherlands, and Luxembourg.—A common free list for imports from the dollar area generally similar to that for the OEEC countries was made effective on June 1, 1954. Licenses for the items on this free list are automatically granted. Included among the freed products are such agricultural commodities as wheat, barley, corn, flour, fats, raw tallow, tobacco, raw cotton, figs, almonds, nuts, apricots, and phosphate fertilizer; such raw materials as many chemicals, copper, and petroleum oils; and such manufactured products as iron and steel sections, engines of various types, calculating machines, generators, and electric

¹ As used in this section the phrase "liberalization percentage" reflects the percentage of private imports from the United States and Canada in the base period of 1953 of the commodities that can be imported without obtaining the prior approval of the licensing authorities.

motors, certain parts and components for motor vehicles and tractors, aircraft, locomotives, passenger coaches, motorcycles, dolls, and toys. The liberalization percentage totals 86 percent.

Denmark.—The first major step in freeing dollar imports was taken in December 1954. Import licenses will be issued automatically for such goods on the dollar free list as raw tobacco, cotton, asphalt, lumber, paper, many chemicals, medicinal articles, optical glassware, various tools and instruments, sewing machines, agricultural machinery, textiles, printing, packing and other machines, machine tools, and telephone and telegraph equipment. By this action, a liberalization percentage of 38 percent was achieved. The Danish Government has indicated that the dollar free list will be expanded as soon as conditions permit but, in the interim, a liberal policy will be followed in granting licenses for dollar goods.

Germany.—The issuance of a dollar free list covering 2,000 items in February 1954 was followed in November 1954 by the addition to this list of about 1,800 more items. Items on the dollar free list are automatically issued import licenses. Items included in the first list were mainly raw materials, such as cotton, wool, nonferrous ores, ferroalloys, crude oil, and a number of chemical raw materials. In addition there were such categories of semifinished and finished goods as machine tools, machinery, electrotechnical goods, precision instruments, and glass and ceramics. The second list included petroleum lubricating oil, paper, washing machines, some types of refrigerators, electrical sound equipment, certain types of leather, and vulcanized fibers. As in the original list, however, there were no food or agricultural items in this second list. The restrictive policy toward imports of United States coal was relaxed in December 1954 when it was announced that licenses would be issued for the importation of 40 million deutschmarks of United States coal provided payment was in a nonconvertible currency. The liberalization percentage amounts to about 70 percent.

Greece.—Except for a limited number of specified goods, there are no quantitative restrictions on imports. The liberalization percentage totals 90 percent.

Iceland.—Iceland has a free list for which import licenses are not required. Included among the items on the free list are cereals, flours, raw coffee, fruit juices, certain oils, raw cotton, hemp, certain metallurgy products, nonferrous metals, refined petroleum, aviation gas, certain lubricants, certain textiles, and miscellaneous manufactured goods. The liberalization percentage totals 33 percent.

Italy.—Extended its free list on goods from the dollar area which do not require import licenses on August 10, 1954, so as to raise the liberalization percentage from 10 to 24 percent. Included in this new list of liberalized products are such items as vegetable waxes, coal, crude petroleum oils for refining, certain minerals, rags, waste, synthetic and artificial rubber, woodpulp, cast iron, iron and nonferrous ores, iron, steel, and cast iron scrap, crude copper and copper alloys and scrap, carbon black, and certain other chemicals and pharmaceuticals.

Norway.—While requiring import licenses for all goods from the dollar area, the Government adopted a new policy in March 1954 of granting licenses for imports of essential goods without regard to the previous requirement that there be at least a 10-percent price advantage over nondollar goods. Essential commodities include petroleum, raw tobacco and cotton, soybeans, semifabricated iron and steel, certain chemicals, and agricultural and other machinery.

Sweden.—On October 1, 1954, Sweden established a dollar-free list which released a wide range of commodities of dollar area origin from import license requirements. At the same time, the Government announced that licenses for the importation of other goods from the dollar area which were on the OEEC free list would be granted in greater quantities. The dollar free list includes a great majority of the commodities on which Sweden granted tariff concessions to the United States under the GATT. The list covers such items as manufactures of iron and metal, almost all chemical products, hides and skins, rubber products, wood goods, all paper other than newsprint, textile raw materials, yarn, cord fabrics, shoes, hats, stone, clay and glass products, iron and steel products, machines, apparatus and instruments except cameras, projectors, and musical instruments, equipment for railways, streetcars, motorcycles and bicycles, dried fruits and raisins, rice, canned fish, canned fruits and juices, handbags, fishing tackle, tobacco pipes, fountain pens, and many other consumer goods. The liberalization percentage totals 40 percent.

Switzerland.—There is no discrimination against imports from the dollar area. Import licenses are not required except for a small list of items. The liberalization percentage amounts to 98 percent.

United Kingdom.—In the past 2 years the Government has taken extensive steps in returning to private trade the importation of many commodities. For

the most part this action was followed by the establishment of international commodity markets and the freeing of imports from the dollar area. Included were such commodities as nickel, copper, lead, zinc, raw cotton, and wheat. In June 1954, imports of oilseeds, oils, and fats were allowed freely from the dollar area under open individual licenses and restrictions were eased on the importation of dollar machinery. Further relaxation of restrictions occurred in December 1954 when the quota for imports of passenger automobiles from the United States was increased from approximately 240 cars annually to 500 and the quota for hardwood imports was raised. The liberalization percentage amounts to almost 50 percent.

II. Africa

Union of South Africa.—Since January 1, 1954, the import control system has been nondiscriminatory in character insofar as source of imports is concerned. In October 1954 the Government announced that it was proceeding with the gradual relaxation of import controls and hoped to remove the controls entirely in the not too distant future, depending upon the rate of improvement in the balance of payments. In 1955 the Government announced that the requirements of the manufacturing industries for raw materials would be almost fully met; the importation of industrial machinery would be on an even more liberal basis than in 1954; quotas for agricultural machinery and implements would be increased; consumer goods imports would be increased and the list of totally prohibited items would be decreased. Further, import permits would no longer be required for textile piece goods, tea, coffee, raw cotton, raw wool, and certain types of stationery.

Ethiopia.—As of the end of 1953, imports from the dollar area were placed on the same basis as imports from other currency areas thereby abolishing the discrimination which existed against dollar imports. Further, during the past year, exchange was freely granted for the import of all goods from any source.

Federation of Rhodesia and Nyasaland.—On July 1, 1954, restrictions on imports from the dollar area were eased. Many items previously subject to quota limitations were added to the unrestricted list, i. e., the list of items not under currency quotas but still requiring import licenses which are issued subject only to scrutiny. Such items include animal feeding stuffs; condensed milk; dried milk; edible nuts, excluding groundnuts; hand tools; outboard motors over 20 horsepower; filter plants and filters for the purification and softening of water; lifts, hydraulic or electric and gates; air-conditioning machinery; insecticides; medicinal drugs and chemicals; disinfectants; veneers; and sensitized paper. Further, there were significant dollar allocations for such goods as wheat, agricultural, mining and industrial machinery, steel, electrical goods and spares, commercial vehicles, special tires and tubes, plywood and office equipment.

Libya.—In November 1954, the Government announced the relaxation of restrictions on dollar imports considered necessary to the Libyan economy. Such goods include agricultural and industrial equipment and seeds, essential foodstuffs such as wheat and barley, second-hand clothes, medicines and drugs, essential household appliances such as refrigerators and sewing machines, commercial vehicles and spare parts for automobiles, and other machines, construction equipment, newspapers, magazines, and periodicals.

III. The Far East

India.—Restrictions, which had held dollar purchases to the barest minimum for the past several years, have been reduced for 1955. Liberalization has taken the form of increased quotas and the possibility of importers utilizing a portion of their soft currency licenses for dollar imports.

Pakistan.—A new import policy for the first half of 1955 was announced which would maintain import licensing requirements but would be for the most part nondiscriminatory with respect to imports from the dollar area. Further, the list of importable items was increased from less than 200 items to over 300 and includes essential consumer goods. In addition, there was an increase in the established quotas for dollar-area imports.

New Zealand.—The restrictions on dollar imports have recently been relaxed by providing for substantial increases in the list of goods which can be imported freely from all sources. In addition, exchange allocations for dollar imports have been increased.

Thailand.—Practically all imports now require licenses, but this action was taken to discourage speculative imports. However, there is no discrimination as to source of supply. Licenses are automatically granted for "essential" goods and imports of "semiessential" goods are permitted up to the highest value of imports during any of the 5 preceding years. While some "luxury" goods are prohibited, licenses are issued for others.

IV. *Western Hemisphere*

Canada, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Panama, Peru, and Venezuela have only nominal restrictions, if any, on dollar imports.

2. SPECIFIC CASES WHERE THE UNITED STATES HAS SUCCEEDED IN HAVING RESTRICTIONS AGAINST DOLLAR GOODS ELIMINATED

(a) *Token imports.*—The United States has been pressing foreign governments which are maintaining balance-of-payments import restrictions to permit the entry of limited quantities of American products in order to permit American traders and their products to retain a foothold in markets established before financial difficulties necessitated rationing of dollars. The United States has been able to make representations on this subject to the major trading countries of the world because of the provisions contained in the General Agreement on Tariffs and Trade which require countries imposing balance-of-payments restrictions "not to apply restrictions so as to prevent unreasonably the importation of any description of goods in minimum commercial quantities, the exclusion of which would impair regular channels of trade, or restrictions which would prevent the importation of commercial samples or prevent compliance with patent, trade-mark, copyright, or similar procedures * * *"

Token import arrangements have been in effect in the United Kingdom for some years. Other contracting parties have different arrangements which give effect to this requirement. Discussions have been held with Australia, Pakistan, Sweden, New Zealand, and Chile for the establishment of similar arrangements.

(b) *United Kingdom purchase of apples.*—The United Kingdom in 1951 was making arrangements for the purchase of apples in a manner which would have discriminated in favor of Canada and against the United States. The United States, in consultations with Canada and the United Kingdom, argued, on the basis of the general agreement, that the British could not apply import restrictions in a way which would discriminate between two hard-currency countries. The resulting arrangement provided for equal treatment of the two countries.

(c) *Discriminatory Haitian price regulations affecting United States cigarettes.*—A government tobacco monopoly in Haiti increased the retail price at which imported American cigarettes could be sold but did not increase the retail price at which domestically manufactured cigarettes could be sold, which resulted in discrimination against American cigarettes that might have decreased considerably the market for imported American cigarettes in that country. This Government through the American Embassy called attention to paragraphs 1 and 4 of article III of GATT. The discrimination has since been ended.

(d) *Cuban lumber tax.*—Cuba levied a 9-percent sales tax on imports of lumber and exempted domestic lumber from the tax. Attention was called by this Government through our Embassy to the first two paragraphs of article III, and as a result the tax was made nondiscriminatory by applying it also to domestic lumber.

(e) *Cuban import tax.*—Cuba proposed to levy an 8-percent tax on imported food products, with no tax on domestic products. Attention was called by this Government through our Embassy to the first two paragraphs of article III of GATT, and the proposal was never put into effect.

(f) *Cuban periodicals tax.*—Cuba levied a 9-percent sales tax on imported newspapers and magazines, exempting domestic newspapers and magazines from the tax. Attention was called by this Government through our Embassy to article III of GATT and as a result imported newspapers and magazines were also exempted from the tax.

(g) *Haitian import surtax.*—Haiti increased the 3-percent customs import surtax to rates varying from 3½ to 4½ percent on a relatively long list of products. This Government through its Embassy pointed out that any such increase on products listed in the Haitian schedule of GATT would be in contravention of the provision in article II. The foreign government took immediate steps to end the contravention by making sure that the increase did not apply to scheduled products.

(h) *Cuban import quotas.*—Cuba refused to allow two large shipments of potatoes from the United States to enter the country. This Government, through the American Embassy called attention to the provision of article XI of GATT, which states that no prohibitions shall be instituted or maintained by any contracting party on the importation of any products of any other contracting party, except as specified. The two shipments, which might have spoiled, with considerable loss to the exporter, were as a result of this protest later allowed to enter.

(i) *Cuban textile embargo.*—Cuba placed in effect import restrictions on textiles that amounted to a virtual embargo. Hundreds of thousands of dollars worth of shipments of textiles and related products from the United States were held on the docks or in customs warehouses in Cuba. When the Government in question failed to remove the restrictions, the United States Government brought the matter before the contracting parties to GATT, which were then in regular session at Geneva, claiming that the restrictions were in violation of article XI of GATT and invoking article XXIII of GATT to the effect that the restrictions nullified substantial concessions which Cuba had granted the United States in schedule IX and other provisions of the general agreement. The contracting parties discussed the matter, and the Cuban Government promptly took steps to relieve the situation.

(j) *Dominican import restrictions.*—The Dominican Republic banned the importation of ice-cream mix, which came principally from the United States. The American Embassy at the request of this Government discussed the matter with officials of that Government, pointing out that such a restriction was in contravention of article II of GATT. The restriction was promptly removed.

(k) *Dominican auto-import restrictions.*—The Dominican Republic published a resolution prohibiting the importation of automobiles valued at more than \$1,250, except under special permit, which was at first not being granted. The American Embassy at the request of this Government called the attention of that Government to the provisions of article XI and later reported to the Department of State that the importation of cars valued at more than the figure mentioned was being regularly permitted.

(l) *United Kingdom tobacco-mixing requirement.*—In 1950-51, the United States was successful in securing modification of a British requirement that to the amount of 5 percent of the total oriental tobacco be mixed with Virginia tobacco. On the basis of the obligation in article III of the general agreement, the British agreed to permit again the manufacture of pure Virginia cigarettes, as desired by the United States tobacco industry.

(m) *Brazilian coffee-export restrictions.*—The United States Embassy in Rio de Janeiro made representations to the Government of Brazil in 1951 concerning the applications of monthly export quotas on coffee. The United States protest held that the Brazilian action was in violation of article XI of the general agreement. The system of export quotas was subsequently altered and the basis for the complaint removed.

(n) *Discrimination against American petroleum interests.*—Denmark in late 1953 tried to pressure American petroleum companies in that country to purchase some of their petroleum requirements from Soviet bloc sources. The United States Embassy intervened to protest against this discrimination. In doing so it refuted an attempted balance-of-payments justification presented by the Danish Government. The Embassy based its arguments on the principle embodied in article XII of the general agreement, that is, that Denmark's financial position, as measured by the criteria of article XII, did not permit such onerous restrictions. Denmark dropped its request of the American oil companies.

(o) *French export quotas on raw angora wool.*—The United States protested in February 1954 to the French against the application by France of export quotas on raw angora wool. The complaint held that the quotas were inconsistent with Article XI of the general agreement. This case is presently under consideration.

(p) *Brazilian marking requirements.*—In July 1952 the United States protested to Brazil that a relaxation with respect to imports from Chile of a requirement that bags be marked in indelible ink should be extended to imports from the United States. The basis for the United States protest was article IX of the general agreement which requires most-favored-nation treatment with respect to marking requirements. The Brazilian Government then instructed its customs officers to extend to the United States on a most-favored-nation basis the treatment which applied to Chile.

(q) *Peruvian discrimination against United States cosmetics.*—The United States protested in 1951 and 1952 against the imposition by Peru of internal taxes which discriminated against imports of cosmetic goods from the United States. The United States based its protest on article III of the general agreement, which prevents internal taxes from being imposed on imports in a more burdensome manner than on like domestic products. Subsequently, Peru took steps toward removing the discrimination.

(r) *United Kingdom purchase tax.*—The United Kingdom imposed a purchase tax on imported goods which were comparable in price and quality to domestically produced goods which were generally exempt from the tax. The issue was raised

at a session of the contracting parties as a violation of article III. At the seventh session (in late 1952), the United Kingdom announced the removal of the discrimination between imported and domestic goods.

(s) *French 0.4-percent tax.*—The United States at the session held in the fall of 1953 challenged as inconsistent with the general agreement a tax imposed by France on all imports and exports amounting to four-tenths of 1 percent by value. The United States held that the tax nullified or impaired tariff concessions made by France under the agreement. France agreed that the tax did infringe the provisions of the agreement and expected that it would not be continued in the new budget. This tax has now been abolished.

(t) *Peruvian automobile import tax.*—At the time Peru was negotiating for accession to GATT, it developed that Peru contemplated imposition of a charge on imports of certain classes of automobiles, which the United States regarded would have violated the general agreement. On the basis of our explanation of the problem to Peru, it was decided to convert the import charge into an internal tax which would apply to any domestically produced automobiles as well as to imported cars.

(u) *French West African preferences.*—In 1951, France announced its intention of increasing most-favored-nation duties on some 40 items when imported into French West Africa from foreign countries, while leaving imports from France free of duty. France recognized that such action would require compensation, but on the basis of United States protests, based in part on France's obligation not to increase preference margins over the preference in a base period, France withdrew the request late in 1952. At the time, it was stated that the request might be renewed later, but to date the question has not been brought up again. A considerable amount of United States trade (amounting to \$3.5 million in 1 year) thus still enjoys lower rates when imported into French West Africa than would otherwise be the case.

(v) *Restrictions and discriminations against American motion pictures.*—(i) *Austrian import restrictions.*—In 1953 the United States protested, on the basis of article XI (which contains a general prohibition against import restrictions), import restrictions against American motion pictures. Discussions have not been concluded in this case.

(ii) *Belgian restrictions.*—In 1951, when Belgium made known that it was imposing restrictions for balance-of-payments reasons and was giving motion-picture distributors 3 days to make counter proposals, the American Embassy in Brussels interceded on behalf of the American movie industry. It brought to the attention of the Belgians the obligation in the general agreement for consultations in regard to the imposition of balance-of-payments restrictions. The result was that these strictions were postponed, and much milder restrictions were later imposed after consultation with the industry.

The American Embassy in Brussels in 1951 had the occasion to notify the Belgian Government that the general agreement required Belgium to give public notification of restrictions without regard to whether they were temporary, a reason the Belgians advanced for not giving publicity to the measure. Following United States representations in this case the imposition of the restrictions was postponed, and more satisfactory arrangements were worked out following discussions.

(iii) *Brazilian regulations.*—In January 1952 the United States invoked article II, paragraphs 1, 2, and 4, of the general agreement against a new decree and a draft bill which were judged to have a more burdensome effect on American motion pictures than measures in effect on the date of the general agreement (October 1947). The measures required importers to acquire domestic newsreels and shorts to the extent of 10 percent of the footage imported in a previous year. The draft bill was supplanted by another which did not contain the objectionable provision. The decree was later nullified by the Ministry of Justice on the grounds that it was a violation of the general agreement.

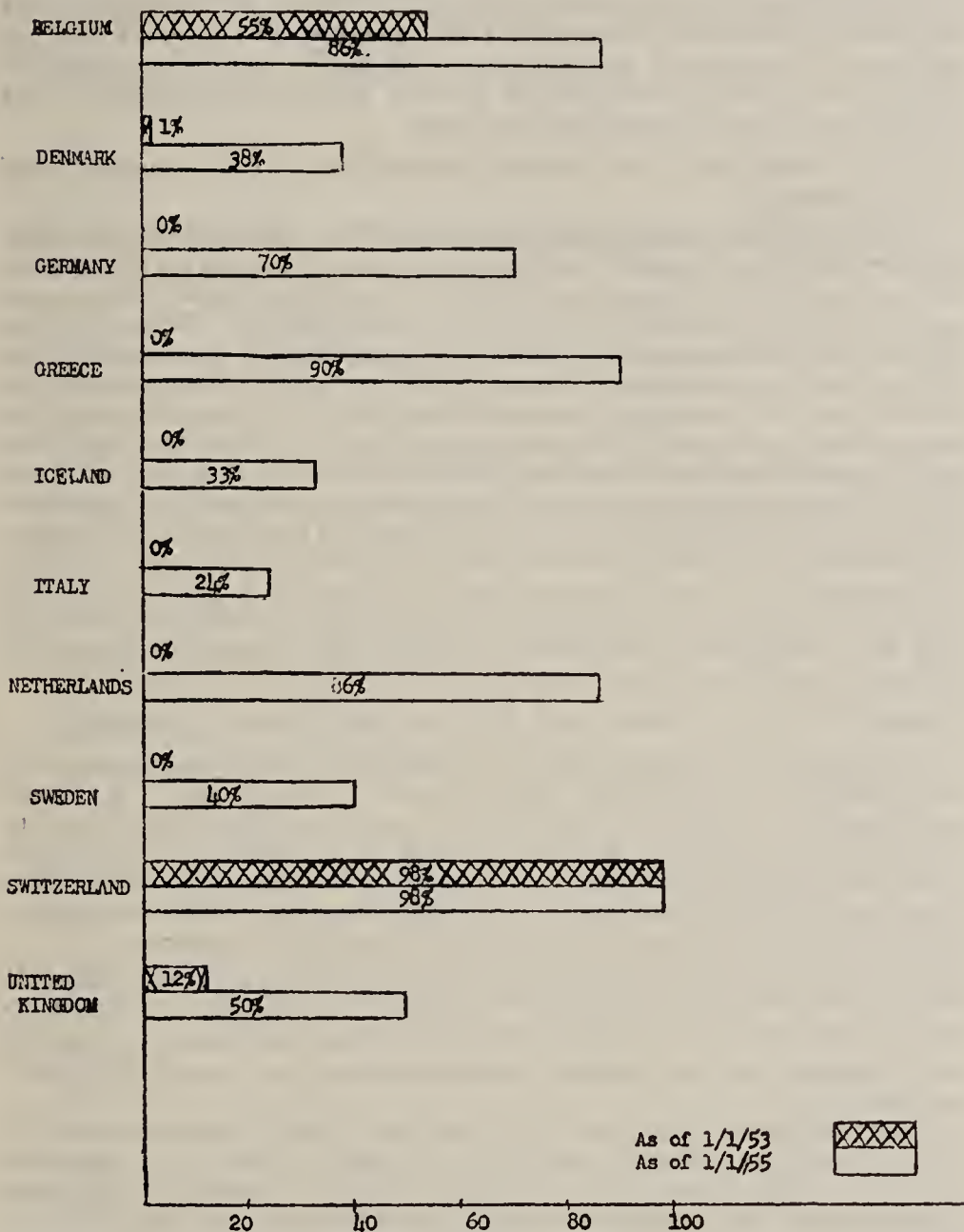
The American Embassy in Rio de Janeiro has been instructed to bring to the attention of the Brazilian Government the fact that a draft bill submitted to the Brazilian Congress would violate article III, paragraph 2 (by imposing a discriminatory internal tax), would violate article VII, paragraph 1 (by imposing a fee in excess of the cost of services rendered in connection with the importation), and would impair tariff concessions granted on motion pictures. No further progress has been reported on the draft bill.

In November 1952 the United States invoked article XI, paragraph 1, of the general agreement in protest against a Brazilian decree which called for an import

limitation of one print per film. The application of the decree was postponed, and, while the question has not been finally disposed of, restrictions provided by the decree have not been made effective.

(w) *Norwegian internal taxes.*—The United States invoked article III on April 28, 1950, against a 1949 regulation exempting from taxation the revenue derived by theaters from exhibition of Norwegian newsreels but not foreign newsreels. On August 1, 1950, foreign newsreels were also exempted from the admission tax and placed on the same footing as Norwegian newsreels in response to the Embassy's representation.

EXTENT OF PROGRESS BY OEEC COUNTRIES IN DOLLAR LIBERALIZATION



Liberalization Percentage.—The percentage of private imports from the United States and Canada in the base period of 1953 of the commodities that can be imported without obtaining the prior approval of the licensing authorities

Charge: Passage of H. R. 1 should wait for GATT renegotiation

Some witnesses before the committee have urged that action on H. R. 1 be delayed until after the General Agreement on Tariffs and Trade has been negotiated and presented to the Congress for approval.

There is no valid reason for delaying action on H. R. 1. The General Agreement on Tariffs and Trade is a multilateral trade agreement. The Congress has never undertaken to approve the specific terms of any trade agreement in its consideration of the trade-agreement legislation.

As far as the organizational provisions of the GATT are concerned the President in his March 30, 1954, message to Congress and his January 10 message of this year indicated that as soon as the negotiations in Geneva are completed he will submit the organizational provisions to the Congress for approval.

Charge: Passage of H. R. 1 should await the outcome of Japanese tariff negotiations

Those who have urged that action on H. R. 1 be delayed until after the results of the Japanese tariff negotiations are known do not appear to comprehend the purpose of H. R. 1. Authority under the present act exists for completing negotiations with Japan. However, the success of the negotiations might be jeopardized if the negotiations had to be completed before June 12, 1955. United States negotiators should not be forced to race against time. The opportunity for negotiating successfully with Japan and with the other countries that will be participating in the negotiations will be greatly increased if the United States delegation is not under pressure to complete the bargaining by a particular date. H. R. 1 provides that if the trade agreement involving Japan is entered into after July 1, 1955, the authority to decrease a rate to 50 percent below the January 1, 1945, rate would continue but the authority to reduce the rate by 15 percent would not be available for products included in the agreement when the reduction was more than 15 percent of the July 1, 1955, rate.

Charge: Defense industries and skills are not adequately protected

Witnesses who claimed that their particular industries were essential to the defense of the United States asserted that the Trade Agreements Act does not provide the protection which they require.

Insofar as the Trade Agreements Act, as extended by Public Law 464, 83d Congress, is concerned, provision has been included to safeguard against tariff reductions which might affect defense industries. Section 2 of this law provides that no action shall be taken—

to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements.

Therefore, under present procedures the President must give careful consideration to the defense implications of any suggested tariff reduction.

Suggestions have also been made that the Tariff Commission should decide what industries are essential to national defense. The responsibility for taking into account national security considerations properly belongs with the President who will obtain the advice of the National Security Council, the Department of Defense, and other executive agencies directly concerned with these matters.

APPENDIX B

THE EXECUTIVE DEPARTMENT'S TESTIMONY AND SUPPORT OF H. R. 1

The President. In 1954 and again in January of this year President Eisenhower has given firm support to the program embodied in this bill.

His foreign economic policy message of March 30, 1954, stated the issue in clear terms:

If we fail in our trade policy, we may fail in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved.

I am convinced that the gradual and selective revision of our tariffs, through the tested method of negotiation with other nations, is an essential ingredient of the continuing growth of our domestic economy. An expression of our willingness to negotiate further will offer needed leadership toward the reduction of trade and payments barriers that limit markets for our goods throughout the world.

On January 10 of this year the President reemphasized the importance of renewal and expansion of the President's authority in the trade-agreement field. As he said at that time:

It is essential for the security of the United States and the rest of the free world that the United States take the leadership in promoting the achievement of those high levels of trade that will bring to all the economic strength upon which the freedom and security of all depend. Those high levels of trade can be promoted by the specific measures with regard to trade barriers recommended in this message * * *.

Six members of the Cabinet and the Director of the Foreign Operations Administration, appeared before the committee. All gave unqualified support to the bill.

The Secretary of State, Hon. John Foster Dulles, supported the bill in these words:

Specifically, I urge the extending of Trade Agreements Act by enactment of H. R. 1. This extension, I am convinced, will promote the security and welfare of the United States.

In this economic field many nations have a responsibility. But the heaviest responsibility lies upon the United States. That is because we are the world's principal economic unit. Although the United States represents less than 7 percent of the world's population, we account for more than 40 percent of the world's production. Our trade accounts for between 15 and 20 percent of the world's total trade. We are the largest single supplier of, and the largest single market for, many foreign countries. Therefore, our economic behavior is of tremendous importance to our friends and allies. Indeed, we would quickly alienate our friends and allies if we followed trade policies which cut across their vital needs.

Other countries are uncertain as to the future trend of our trade policies. They fear that we may shift to a policy of raising rather than lowering trade barriers.

Such fears, unless allayed, could set up a chain reaction which would gravely damage and disrupt the free world. It would bring to pass what Soviet forecasters have predicted and would provide hostile rulers with another opportunity greatly to expand their power.

A principal advantage of the bill, from the foreign relations standpoint, is that it extends the Trade Agreements Act for 3 years, and that increases certainty.

A second important factor of the bill, from the standpoint of foreign relations, is that it provides the President with new negotiating powers which will enable

the United States to make a new start in promoting freer trade policies on the part of other nations. The United States cannot itself be the recipient of all the surpluses of other countries. The greatest possibilities of foreign-trade expansion exist elsewhere. But these possibilities cannot be realized unless the United States is in a position to exert a continuing influence upon the trade policies of the free world.

I hope, Mr. Chairman, that I have not given the impression that the pending bill would primarily serve the economic interests of others. That is by no means the case. But I do not hesitate to say that even if it were the case, I would still advocate the bill as needed to preserve the unity and vigor of the free world in the face of the terrible menace that confronts it. In time of war we make sacrifices that are immense. I believe that in peace we should also be prepared to make some sacrifices in order to hold together a free world partnership which is indispensable to the peace and security of each of the parties.

Happily, however, we do not need to think of this bill as sacrificial, even in terms of trade. It is a bill to expand our foreign trade. And that is good business for us.

Our foreign policy, as I have put it in capsule form, is to enable the people of this country to enjoy in peace the blessings of liberty. I am convinced that that result cannot be achieved without cooperative trade relations of a dependable character between the free nations.

This pending bill and its counterpart, H. R. 536, are the only practical vehicles I know of for enabling us to promote that cooperation. In my opinion the failure at this stage of world affairs, to rededicate our Nation to liberal trade policies, and to do so for a 3-year term would have grave consequences.

The Secretary of the Treasury, Hon. George Humphrey, stated his view of the importance of the bill in unequivocal terms:

First, the importance of keeping our own economy strong and dynamic and sound. Our policies are directed toward economic strength and growth—toward greater freedom from governmental interference and control. Our policies aim at encouraging initiative and freedom and maintaining economic progress and a high level of economic activity at relatively stable prices. Such a condition helps international trade in both directions. A strong internal economy helps to keep us competitive and makes our goods attractive to foreign buyers. It also promotes a high level demand for imports. With high levels of business activity, the capacity of our economy to absorb imports is enormous—particularly imports of raw materials.

The second point which has impressed me in my contacts abroad is the concern of foreign countries with the broad direction of our commercial policy. Foreign countries do not expect us to lower our tariffs drastically. What they want to have, however, is assurance of continuity in our policies and they watch for moderate steps in the direction of our objectives. This argues strongly for a 3-year extension of the trade-agreements program. A 3-year period is needed to provide reasonable assurance of such continuity.

The bill before you is moderate. It does not interfere with existing safeguards for our domestic producers. It does not contemplate any drastic changes which would adversely affect sizable groups of citizens.

I would like to mention one other broad principle in connection with the bill. From the budgetary viewpoint, the President's trade program should help to reduce Government expenditures for foreign aid over a period of time. I believe it is best, where possible, for foreign countries to earn their way, rather than receive aid from the United States Treasury. This bill is a further step in that direction.

The Secretary of Agriculture, Hon. Ezra Taft Benson, emphasized the importance of this bill to the agricultural prosperity of the United States:

The modern farmer is a specialist. He is, you might say, a manufacturer. He combines his land; personal, family, and hired labor; capital; seed, fertilizer; etc.; and produces products for the market. He uses increasing amounts of machinery and other capital, and he concentrates his efforts on a few commodities which are suited to his particular farm. This has led to specialized areas: cotton and tobacco in the Southeast; corn and hogs in the Midwest, potatoes in Idaho and Aroostook County, Maine, and so on.

Clearly this specialization would have been impossible without trade.

While all producers of farm commodities gain from foreign marketings, producers of some commodities depend more heavily on exports. United States exports in the most recent marketing year, 1953-54, accounted for 45 percent of our rice crop, 26 percent of the tobacco crop, 24 percent of the cotton crop, 21 percent of the soybean crop, almost 19 percent of the wheat crop, and 18 percent of the lard production. Other commodities for which a sizable share of production is exported are: inedible tallow and greases, 45 percent; grain sorghums, 14 percent; and dried prunes, 29 percent. Exporting these large shares of farm production helps to minimize the difficulties that result from burdensome surpluses and acreage cutbacks. It is with good reason that we are doing our utmost to hold and expand the foreign market for such commodities.

The retention of foreign markets for our agricultural products depends in large measure on the continuation of multilateral and nondiscriminatory world trade. The trade-agreements machinery may be utilized to insure such trade. United States leadership in seeking the establishment of multilateral world trade is more nearly successful today than at any time since the trade-agreements program was initiated. Under the constant urging of this program, other countries are now taking steps to relax their restrictions against imports of farm products from the United States. Currency convertibility is being actively discussed among the soft-currency countries. The advantages to be realized by the United States trade generally, and by American agriculture in particular, from such measures are very great. These advantages, however, may well be lost if the United States should abandon its present leadership in this movement for an expanded world trade.

Concessions which the United States has obtained in past trade negotiations have been significant. It has been estimated that such concessions currently affect about \$2 billion of our agricultural exports. These concessions have been and will continue to be dominant factors contributing to the expansion of foreign markets for American farm products.

The Secretary of Defense, Hon. Charles E. Wilson, stressed the importance of this bill to the defense effort of the United States.

It is important that we keep in mind the fact that the Communist threat in the world today is based upon more than an outright military threat. It includes an equally serious threat in the economic, the political, and the propaganda areas.

To achieve this result trade barriers should be reduced to the extent practicable and all artificial restrictions eliminated. I personally believe that the passage of H. R. 1 will be an important step in this direction.

Much of the friction and strife between peoples and nations in past decades and centuries came about because of the effort to control land areas in order to have available food production and other natural resources and in order to control markets. Increased trade between peoples and nations would increase understanding between such peoples or nations and importantly contribute to world peace. Nations also attempted to be self-sufficient in order to improve their national security. Our established agreements with our allies, and the United Nations itself is an effort to overcome this difficulty.

International trade must be a two-way street. Such trade provides the most effective way to improve our relations with our allies on a long-range basis.

In the consideration of our own defense we must carefully consider how improvement of our trade relations with our allies and friends can be turned to real account in helping both ourselves and our allies. To do this we must move in the direction of removing unreasonable restrictions to international trade. We need our allies. In spite of our tremendous strength the United States cannot go alone in this modern world. This is no admission of weakness; it is a recognition of realities. The whole free world needs the collective and united strength of all of its members.

The Secretary of Commerce, Hon. Sinclair Weeks, testified that passage of the bill will assist the foreign and domestic commerce of the United States:

I support the legislation (H. R. 1) which has been introduced to give effect to this recommendation both on broad grounds of national policy and because I believe it would be of substantial advantage to the foreign and domestic commerce of the United States which I am charged by law to foster, promote, and develop.

The key significance of exports to our economy is reinforced by a consideration of their relationships to some of our most important and progressive industries.

During the 3 years of 1949 to 1951 one-half of our exports came from industries which sold more than 10 percent of their output abroad. One-third of our exports were accounted for by products which rely upon foreign markets for more than 25 percent of their sales. Machine tools, tractors, construction and mining equipment, oilfield machinery, and textile machinery made 20 percent of their sales in export markets.

I certainly do not have to labor the point before this committee that these exports must be paid. This committee, which has had various proposals affecting the trade-agreements legislation before it for over 20 years, is aware of the fact that as our grant-aid to the rest of the world is reduced and ultimately eliminated, we must increase our imports unless we are willing to see our exports decrease. I am sure that in view of the contributions which exports make to our economy, we cannot afford to permit them substantially to decrease. In an expanding economy, we cannot afford to permit them substantially to decrease. In an expanding economy, we should rather look forward to increasing exports and increasing imports of goods and services to pay for them.

This is only another way of saying that we should continue the trade-agreements legislation for the same reason as it was started in the first place—as an important export promotion measure.

Several studies by the Department of Commerce find that exports to trade-agreement countries increased more from depression levels of the early thirties than did exports of commodities to countries with whom we made no trade agreements. From this depression low with a gross national product of \$65 billions of which merchandise imports were 2.6 percent and merchandise exports 3.1 percent, our imports and exports have increased both in terms of absolute value as well as in percent of gross national product to where in 1953 with a gross national product of \$365 billions these same imports stood at 3 percent and exports at 4.3 percent. There can be no doubt that there has been a net gain to our economy from reciprocal trade agreements even though there has been a shortage of dollar exchange since World War II financed to the extent of 20–33 percent of the total exports by aid programs.

In summary may I say that unless we are to give up entirely the reciprocal trade treaty idea, we must reinstate it on the statute books so that it has some degree of permanency and stability and 3 years would seem to me to be the practical minimum.

Additionally, if we are to make any gesture whatsoever toward encouraging trade, the modest approach incorporated in H. R. 1 would again seem to me to be the minimum. This approach is selective, permissive, and no previously available safeguards are either eliminated or changed in the slightest degree.

The Secretary of Labor, Hon. James P. Mitchell, analyzed the effect of the bill upon American labor and concluded that the trade-agreement program benefited labor. In the course of his statement supporting the bill, he stated:

There is not even a passing reference to our tariff or foreign trade policy as a cause of unemployment during this period in recent analyses of the employment situation made by public groups or in most of the reports of private groups that have come to my attention. Instead, it is agreed that the major factors causing the unemployment rise in 1953–54 were the shift from a defense to a peacetime economy, a consequent drop in the Federal Government's defense spending, a shift in business policy to inventory liquidation rather than inventory accumulation, and a decline in business expenditures for new plants and equipment. Surely, these economic experts would somewhere have mentioned tariff policies or volume of imports if such policies or imports had had the substantial effect upon employment which has been claimed in some quarters. I believe that available evidence, even after analysis is made of those special situations in which imports have in fact risen, points to only a very small fraction of current unemployment as being traceable to the effects of imports.

There are cases, to be sure, in which imports create problems for certain industries, or segments of industries. These industries may be extremely important to the life of the community in which they are located. We must continue to consider such cases carefully, as we have in the past. Often there are domestic factors which have equal or greater effect upon employment in the industry. It is important to study all facts on a case-by-case basis before concluding that

imports are necessarily to blame. It is precisely to deal with and evaluate these difficult cases that the careful procedures of the trade-agreements programs, including the peril-point and escape-clause procedures and thorough interdepartmental consideration, have been designed. Where there is clear evidence of real injury or the threat of injury which can be attributed to imports, the proposed legislation will give the administration both guidance and authority to protect the industry and its workers. One of the important factors which the administration will continue to take into consideration in evaluating such evidence is whether skills which are essential to the mobilization base of the Nation are involved.

Wage competition is a special problem in international trade which affects the American worker. It is argued, for instance, that lower wage and other labor standards of foreign industries make it difficult or impossible for American industry to compete with imports in American markets. This problem was carefully reviewed by the Randall Commission, and I agree with their conclusions. The Commission's findings are worth quoting:

American labor should not be subjected to unfair competition as part of any program to expand our foreign trade. It must be made clear, however, what constitutes "unfair competition." Manifestly, wage levels cannot be used as the sole guide. Our export industries are among those with the highest wages paid in this country, yet they compete successfully in world markets with lower wage countries, many of which have erected barriers against our exports.

Unit labor costs are not a dependable guide either. Differences in cost provide the foundation of international trade, just as differences make possible trade within nations. Neither low wages nor low unit labor costs, in and of themselves, constitute "unfair competition."

Competition from imports is based on many things in addition to wage differentials, such as natural resources, climate, special arts or skills, inventiveness or design in certain lines. These differences are the most important factors that bring foreign goods into our markets, with advantage to our own workers as consumers. They are also the factors which account for our own exports. Wage levels vary from country to country primarily because of differences in natural resources, capital equipment and productivity. It is generally a country's most productive industries that are its chief exporters. Where a country's exports are based not on such advantages but on exploitation of labor, there we have unfair competition from which we must protect ourselves.

The clearest case of unfair competition which the Randall Commission found is one in which the workers in a particular commodity are paid well below accepted standards in the exporting country. And in this area, the Commission made a specific remedial recommendation. It is recommended, and the administration has already adopted the policy, of granting no tariff concessions on products made by workers receiving wages which are substandard in the exporting country. As a member of the Interdepartmental Committee on Trade Agreements, the Department of Labor will help keep the President advised of cases which would fall within this standard.

It is unlikely that there are major areas of wage competition, other than those that violate the standards of the competing country, which can truly be labeled unfair. If, however, other kinds of situations exist in which foreign wage differentials in fact constitute "unfair competition" and threaten serious injury to American industry, they can be handled under the provisions of the bill.

In conclusion, I would like to say that I believe extension of the reciprocal trade agreements authority as proposed in H. R. 1 and the companion bill H. R. 536 is of concern and benefit not only to American workers and to American industries, but to the economic well-being of all of us. I therefore urge this extension, in the form proposed.

The Director of the Foreign Operations Administration, Hon. Harold E. Stassen, emphasized the implications of the passage of this bill to the effort to strengthen the economies of the countries of the free world.

My support of this bill is based upon the inseparable relationship of United States trade, United States assistance to foreign countries, and United States security. As the President has pointed out, the security of the United States requires that we have a strong and prosperous economy at home and that we have strong partners for peace—that they be strong not only in a military way but, equally important, in economic affairs.

However, without extraordinary United States Government expenditures, Europe would not now be able to maintain its present level of defense and at the same time, as it is presently doing, pay for as large a volume of food and manufactures labeled "Made in U. S. A." Such extraordinary United States Government expenditures—for troops, for weapons, for airfields, and so forth—are not a satisfactory long-term basis for balancing international payments accounts.

In recent years there have been significant progress in the easing of restrictions by European nations on imports of United States goods. Many nations in Europe are getting rid of Government controls over trade. Quotas are being dropped, and as a result of the work of the Dollar Liberalization Committee of the OEEC, and the work of GATT, many countries (including Denmark, Netherlands, Sweden, United Kingdom) are permitting increased imports of United States goods. I have just returned from a meeting in Paris at which agreement was reached on extending further the trade-liberalization program in Western Europe. In my opinion, we should keep this momentum going in the right direction. Passage of this bill will help forward this momentum toward greater freedom—and less Government interference—in trading relationships.

The provisions of this bill—namely the modest and gradual reduction of United States tariff barriers on a reciprocal basis—can help speed up the progress which free nations are making in their own economic development programs. Passage of this bill will add one more push to the economic development we are all seeking, a development which is in the self-interest of the United States.

I support this bill, H. R. 1, because it is in what the President has called the "enlightened self-interest of the United States." There is, I believe, a vast difference between self-interest and selfish interest. Were benefits proposed in this bill to come only to the United States, it would represent only selfish interests. The benefits, however, will be widespread. They will be for the self-interest, the mutual interest, of the free nations. We share many vital economic interests with our friends and allies. As we work together in mutuality of interest our grand partnership can be increasingly successful.

THE TESTIMONY OF BUSINESS AND INDUSTRY IN SUPPORT OF H. R. 1

Testimony in support of H. R. 1 was given by many national and regional business and industrial organizations, as well as by many trade associations. For example the *United States Chamber of Commerce* indicated approval of the proposed legislation. The statement presented on behalf of that organization stated in part as follows:

Through increased trade, the Nation's economy benefits. That is true just as much in world trade as it is in domestic trade. More goods at lower prices has been the very heart of the American competitive enterprise system; the trade-agreements program can contribute to the health of that system.

By continuing the trade-agreements program, the United States can lead from strength—the strength of a growing, dynamic, resilient economy.

* * * I might add that the Chamber of Commerce of the United States does not advocate a free-trade program. But the gradual and cautious approach, as provided in H. R. 1, would be sufficient assurance that the United States, the economic nerve center of the free world, would continue on the path to liberalization of trade. This is the psychological reason why the trade-agreements program must be continued. We need to practice what we preach.

The research and policy committee of the *Committee for Economic Development*, a group of about 35 businessmen chosen from the 150 members of the board of trustees of CED, was represented by Howard C. Peterson, president of the Fidelity Philadelphia Trust Co. He testified that there were two major reasons why the committee believed that it was in the national interest to continue the policy of gradual and selective tariff reduction under the reciprocal trade-agreements program.

First. Tariff reduction contributes to our national security by supporting our foreign policy.

Second. Lower tariffs will strengthen the Nation's domestic economy.

Mr. Warren L. Pierson, chairman of the *United States Council of the International Chamber of Commerce*, endorsed H. R. 1 and said:

There are compelling reasons based on considerations of the national security for supporting this bill. Our whole system of military alliances is based on the spirit and strength of the other free countries. We believe that enactment of this bill will encourage and strengthen them.

It will do this, first, because it will demonstrate that the United States will not turn back to economic isolationism. This will have a favorable effect on foreign thinking which goes beyond the economic sphere.

Second, it will help other friendly nations to earn the dollars they need to buy the goods they require and want from the United States. This will make them stronger economically.

Third, by hastening the day when United States foreign aid will no longer be needed, it will increase the political strength and cohesion of the free world. Self-reliant nations who are paying their own way are the best allies.

Fourth, we believe that enactment of this bill will stimulate mutually profitable trade and investment among the free nations and reduce the possibility of trade disputes which could weaken the foundations of free world unity.

In his testimony Charles P. Taft, president of the *Committee for a National Trade Policy*, compared the support for the trade-agreements program today with that in 1945. He stated the groups for and against are much the same as they were then. He said:

This distinction occasions no surprise to anybody. It is the same distinction that existed 10 years ago, in 1945, when the only previous debate on increased authority for the reciprocal trade agreements program took place. Then, as now, the pottery industry, the glass industry, the organic chemical group, the glove industry, the hatters, and others told you that the trade-agreements program would destroy them. Then, as now, the administration and the broad national groups representing labor, industry, and the consumer, denied it, and opposed the position of these industries. Then, as now, I stood here before this committee and urged the continuation and expansion of the reciprocal trade-agreements program. Many of you gentlemen behind the bench today were present then to hear both sides of the issue.

This is one basic fact we should not lose sight of. Most Americans, including most businessmen, are for the continued gradual reduction of our tariffs. * * * I think it is fair to say that of those Americans who express an opinion, there are twice as many for the continuation of the program as are against it.

Though the leaders on both sides of this issue have not changed much since 1945, except perhaps for a little graying at the temples, the world in which we live has changed a great deal. Time has proved that we who spoke on our side of the debate in 1945 were better prophets than those who opposed us. Although our imports of goods, so greatly feared then as now, have increased from \$3.9 billion in 1944 to \$10.9 billion in 1953, our gross national product has in the same period increased from 211 to 364.8 billion dollars, and our employment to record figures. Our exports have risen again well above the wartime lend-lease levels to \$15.6 billion in 1953, and contributed substantially to our high employment and prosperity. If the reciprocal trade agreements program has hurt us, it has been a hurt very well concealed.

The past president of the *National Retail Dry Goods Association* testified on behalf of that organization in part as follows:

This committee may be told that the United States is a low-tariff country and that our existing tariff levels are not high enough to keep out foreign goods. I believe that this approach needs some qualifications and that we should not rely solely on averages. We retailers do not deal in averages. We deal in individual commodities and we are constantly exposed to tariff rates that prevent us from importing some product or products that our customers want.

Mr. Morris S. Rosenthal represented the *National Council of American Importers*. He testified in support of H. R. 1 saying:

Then, too, we should remember that dollars that go abroad to pay for imports always come back to us in payment for exports, even if the flow of trade and of money is multilateral and not bilateral. The dollars we spend abroad for imports are not lost to us.

* * * Also, greater imports at lower prices would enable the consumer to spread his purchasing power among more kinds of goods. To be able to buy some of his needs abroad at lower prices would mean that the individual buyer could afford still other goods of domestic manufacture that he cannot now buy, and in this way stimulate some of our American industries and agriculture.

The Detroit Board of Commerce in its statement indicated:

The board's interest in the instant proceedings springs from the great stake that Detroit has in foreign trade.

The products of Detroit's manufacturing concerns, members of the Detroit Board of Commerce, are seen throughout the world. Detroit-made automobiles and tanks, and tractors, are on the streets of Zurich and Istanbul, and Detroit-made pharmaceuticals and calculating machines, too, are in shops at Caracas and Rio de Janeiro. In fact, we estimate that 1 out of every 7 employed in manufacturing in Detroit owes his living to foreign trade to a substantial degree. Furthermore, in 1953, the port of Detroit experienced a level of international trade which ranked it second among the ports of the United States on the dollar value of exports and imports.

The Cleveland World Trade Association in its statement said:

* * * Cleveland carries on an annual foreign trade amounting to approximately \$500 million which is substantially more than 10 percent of its total industrial production.

The president of the *San Antonio World Trade Association* testified that:

In 1951 exports through Texas ports amounted to \$229 per capita for the population of Texas, whereas during the same period the per capita exports for the entire United States amounted to only \$98. Thus, Texas exported over $2\frac{1}{4}$ times as much per capita as the entire Nation. During the same period, Texas per capita imports amounted to \$52. Comparing this with \$229 per capita exports, we find that Texas exported about $4\frac{1}{2}$ times as much in 1951 as it imported.

Daniel W. Bell, president of the American Security & Trust Co., testified from the basis of his experience with the study of foreign trade policy made by the *Public Advisory Board for Mutual Security*. He said in part:

There is much more that will have to be done to give this country a trade and tariff policy suited to our expanding economy. Our local and interstate commerce would wither if it were subjected to the uncertainties and the inequities that are constantly applied to our import trade. We need to simplify our tariff classifications; we need to modernize our customs administration. Undoubtedly, other measures will be proposed to deal with these problems. In the meantime, there is no better way of making progress toward a trade and tariff policy in the national interest than to extend the Trade Agreements Act.

Mr. T. W. Hardy, Jr., vice president, *Hardy Salt Co.*, St. Louis, Mo., stated that he spoke as an individual businessman interested in the overall effect which this legislation can have on the general climate of business activity and prosperity. He said in part:

I emphatically do not believe, however, that there is any sacrifice of the American standard of living involved in this legislation. Quite the contrary. It seems to me that we stand to gain economically by the passage of H. R. 1, and by the increased imports resulting therefrom.

Increased imports, under the conditions of the United States trade imbalance which has existed for over 50 years, increased imports purchased by American business and consumers, can only result in an increase in the American standard of living. Increased imports are the best means of providing for expansion of United States exports. We stand to gain by an increase in our standard of living and, to the extent that foreign purchases are increased, by an expansion of production.

Monroe J. Rathbone, president of *Standard Oil Co. (New Jersey)*, testified on the basis of his company's more than 70 years' experience on foreign trade. He said:

* * * The encouragement of international trade along sound lines is one of the surest ways to promote peace and progress in the world. And we are also convinced the United States cannot fail to benefit from social and economic progress by the other nations of the free world, and by a spreading of the desire for peace and the opportunities for progress which peace brings.

Included among other business and industry representatives expressing support of H. R. 1 were:

Samuel Nakasian, world trade committee of the Washington Board of Trade.

Ed P. Jackson, Jr., Louisville Foreign Trade Club.

Stacey Bender, Jr., chairman, foreign policy committee, North Atlantic Ports Association, Inc.

Jere Patterson, International Advertising Association.

John C. White, American Cotton Shippers Association

J. T. Hutson, president, Tobacco Associates

S. Ralph Lazrus, American Watch Association

George Morgan, Association of American Ship Owners

Benjamin Lazrus, chairman, Benrus Watch Co.

Charles H. Percy, president, Bell & Howell Co.

A. T. Brown, executive vice president, Caterpillar Tractor Co.

Sidney A. Swensrud, chairman, Gulf Oil Corp.

Harold W. Haight, president, Creole Petroleum Corp.

James W. Foley, vice president, The Texas Co.

George Donat, Parke, Davis & Co.

Henry Ralph, vice president and manager, Bank of America International

Joseph M. Barr, president, United Aircraft Export Corp.

Charles Helin, president, Helin Tackle Co., Detroit

Rudolph S. Hecht, chairman of the board, International House Motion Picture Association of America

American Association of Port Authorities, Inc.

Association of Food Distributors Joint Import Council

United States Paper Exporters Council, Inc.

American Book Publishers Council

Chicago Association of Commerce and Industry

Commerce and Industry Association of New York

Houston Chamber of Commerce

Buffalo Chamber of Commerce

San Francisco Chamber of Commerce

San Francisco World Trade Association

World Trade Department

Indianapolis Chamber of Commerce

New Orleans Board of Trade

Northwest World Trade Club, Minneapolis

Norfolk Port Authority

The Council of International Relations, San Antonio

Foreign Trade Club of Galveston

Export-Import Club of Dallas

Fort Worth Export-Import Club

Houston World Trade Association

Hampton Roads Foreign Commerce Club, Norfolk, Va.

Richmond Export-Import Club, Galveston Wharves

Empire State Petroleum Association

Evansville Chamber of Commerce Foreign Trade Committee
Arkansas-Missouri Cotton Trade Association
Foreign Trade Association of Southern California

THE TESTIMONY OF AGRICULTURAL GROUPS IN SUPPORT OF H. R. 1

The President of the *American Farm Bureau Federation*, Mr. Charles B. Shuman, testified before the committee in favor of the present bill. The Farm Bureau, representing 1,609,461 farm family members in 48 States and Puerto Rico, has been a consistent supporter of the trade-agreements program. Mr. Shuman said:

* * * Our wheat, cotton, tobacco, soybeans, feed grains, rice, and animal by-products and certain fruits and other products are among the most efficiently produced in the world. Our exports of farm products have run as high as \$4 billion in 1951-52. They accounted for roughly one-third of our production of wheat, cotton, rice, and soybeans. This provided a market for the produce of more than 1 out of each 10 acres of cropland. This amount was equal to \$1,000 for each commercial farm. Total farm exports have dropped nearly 30 percent.

We have made great efforts to adjust our production to lower demands. Our prices have dropped. We have imposed income-reducing production controls on wheat, cotton, corn, peanuts, tobacco, and rice. Despite these efforts, the Government has accumulated over \$6.5 billion worth of surpluses. Faster adjustments would require a regimentation on American farms which would endanger our freedom.

We are expanding our domestic markets. We must expand our foreign markets.

To maintain a prosperous agriculture, we need export markets of around \$4 billion per year at present prices. We have the capacity to supply an even larger foreign demand.

We think our foreign economic policies should be geared to these export needs. Enactment of H. R. 1 is an important step to gear up to this need.

* * * * *

We believe that H. R. 1 is a well-balanced piece of legislation. It provides not only the authority needed to expand trade but also provides desirable safeguards through application of the peril-point procedures, and through continuation of the escape clause and section 22 to protect domestic producers and the operation of domestic farm programs from disruptive rates of increase in imports.

Another great farm organization, the *National Grange*, was represented by its master, Mr. Hershel D. Newsom. After endorsing the principle of H. R. 1, Mr. Newsom said:

There is no single segment of American economy that has greater stake in achieving the objective of a sound United States economic position and policy, which would provide the basis for a constantly expanded level of trade in the world on a profitable basis, than has American agriculture. * * *

There are likewise compelling reasons for our looking with great concern on any attempt that might be made to recklessly or inconsiderately remove some of our restrictions that we believe have been literally compelled by circumstances beyond our control.

* * * * *

The vast majority of farm people, as we know them and understand them, are thoroughly cognizant that our most important market is this market—right here in America. We are for the most part equally aware of the fact that unless we can market some 10 or 12 percent of our total agricultural output—and I assume that practically all members of the committee know that it runs up to a third of the total production or even a little higher than that under present circumstances—and then effectively balance our output as between agricultural commodities themselves, there is no effective recipe for the high level of agricultural income that we believe is essential to the expanding American economy that must be our total objective.

James G. Patton, president, the *National Farmers Union*, endorsed the bill stating in part:

Many of us produce products which have traditionally entered into export trade, like cotton, wheat, tobacco, hogs, and certain fruits. We know that the export market for these crops is important to us and that it depends on low-trade barriers abroad, on prosperity and buying power in foreign countries, and especially on foreigners' supplies of dollars. We know that foreigners can obtain dollars chiefly by selling goods and services to citizens of the United States and that the amount they can sell depends in part on how much we are willing to buy.

About one-ninth of total farm production is exported; imports of farm commodities of a type produced in this country were equivalent to approximately one-sixteenth of total United States farm production. The value of farm exports from the United States was almost twice as great as the value of competing farm imports.

Exports.—However, this simple comparison does not tell the whole story by any means. The direct effect of agricultural imports and exports on the economic situation of individual farm families varies a very great deal according to the commodities produced for sale. Exports make up a very large part of the market for some farm products; in 1953, 45 percent of United States rice was exported; 24 percent of our cotton; 19 percent of our wheat and flour; 17 percent of barley; 26 percent of tobacco; and 21 percent of soybeans and products; 18 percent of lard; 6 percent of our raisins; and about 5 percent of pears and apples; with somewhat smaller percentages of other commodities produced on United States farms.

Mr. J. B. Hutson, president of *Tobacco Associates, Inc.*, represented before the committee the producers, warehousemen, and exporters of flue-cured tobacco, and the merchants, bankers, and fertilizer dealers in the flue-cured-tobacco-producing areas of Virginia, North and South Carolina, Georgia, Florida, and Alabama. Mr. Hutson recommended the enactment of legislation extending the Reciprocal Trade Agreements Act and stated:

* * * About one-fourth of all tobacco grown in the United States is exported. In the case of many types of tobacco, a substantial part of the crop is suitable only for the export trade.

* * * We do not believe that there is enough recognition of the interests of the large segments of our population who are engaged in the production of articles which are exported. We believe that the interests of these groups, and especially those of our own consumers, should be given just as much consideration as is given the individual groups who might be adversely affected by the imports. In fact, all the studies I have seen point to the conclusion that the stake that the American economy—agriculture, industry, labor, the consumer—has in sustained and increased exports, far exceeds the possible adverse effects of increased imports.

THE TESTIMONY OF LABOR IN SUPPORT OF H. R. 1

Mr. James B. Carey, secretary-treasurer, *Congress of Industrial Organizations*, appeared before the committee on behalf of the approximately 5 million workers of that organization. Following are several direct quotations from Mr. Carey's statement:

* * * many of our industries are dependent for survival upon the exports of reasonable amounts of their own production.

Many workers in key industries, such as auto, steel, electrical products, and machinery are dependent for their jobs on the exports of products manufactured in their plants.

* * * In 1952, 13 percent of agricultural machinery production went abroad, 23.3 percent of the tractors produced were exported; 13.3 percent of the motor-trucks, 3.9 percent of the passenger cars, 6.3 percent of the rolled-steel products of the United States went to other nations of the world. During that year, over 2 million workers were totally dependent upon exports for their jobs, and the industries involved were dependent upon exports for a considerable percentage of their sales and profits. The latest available estimate shows that 7 percent of the employees in nonagricultural establishments of the United States were dependent on exports for employment in 1952.

The United States cannot pick and choose and deal only in the items that we need to import and export. Instead, the United States must engage in gradual,

continual, and, in many instances, reciprocal reduction of the barriers to international trade. Reciprocal trade is essential for the maintenance of production in many of our own basic industries and equally essential for the preservation of sound international relations with our allies. Improved economic well-being of the countries throughout the world is one means by which Communist aggression can be stopped. Economic well-being and improved international trade relations go hand in hand.

For these reasons we are happy to support H. R. 1, which will extend and continue the Hull reciprocal trade program.

* * * * *

With the adoption of H. R. 1, problems will develop for some American workers in certain industries and communities. But let me make our position perfectly clear. We do not oppose a liberalized trade program, because injury or threat of injury may affect certain segments of American production. On the contrary, we say, "Alleviate the injury or threat of injury by some method other than increasing the duty. Don't cut off your nose to spite your face." * * *

* * * We are proud of the CIO slogan, "What's good for America is good for the CIO." We are convinced that the promotion of international trade is good for America and, therefore, good for the CIO.

The *American Federation of Labor*, representing more than 10 million workers, in a statement supporting H. R. 1 stated:

We are mindful of the fact that a significant number of American workers are employed in industries facing foreign competition. We are definitely concerned lest the trade-agreements program operate to deprive these workers of employment opportunities at their present trade or occupation.

At the same time, we are equally mindful that many American workers are dependent for their employment on American exports or on the handling, transportation, or storage of imports. In 1952, the Bureau of Labor Statistics estimated that the employment of 4,376,000 American workers depended on foreign trade. In other words, these are the workers whose employment depends on the ability of other countries to continue to buy American products.

The A. F. of L. expressed itself in favor of the gradual approach toward tariff reduction:

The American Federation of Labor does not endorse either the extreme position of free trade or the extreme position of protection. We believe that trade policy can prove a useful tool for reducing the dollar gap, for persuading other countries to lift their trade restrictions, and in general for strengthening the economic basis of the free world. We believe that to achieve these objectives, this country should continue its policy of negotiating tariff adjustments, to use the President's phrase, "on a gradual, selective, and reciprocal basis." The importance of the terms "gradual" and "selective" must be emphasized * * *.

We believe that if the adjustments negotiated under this proposed program are, to use the President's words, "gradual, selective, and reciprocal," they need not operate to curtail employment opportunities for American workers.

The A. F. of L. recommended that promptness be exercised in giving relief where relief is justified, and recommended:

We suggest therefore that the time required for handling applications under the escape clause be shortened. We recommend that the 9-month requirement be reduced to 120 days and that the 60-day requirement for the handling of cases by the White House be reduced to 30 days.

This will greatly improve the operations under the present escape clause. Because industries will know that their applications will be processed more promptly, they are less likely to run to the Tariff Commission if the evidence does not justify relief. The net result will be a far more effective method of providing relief to those groups who may be suffering serious injury under a particular tariff.

The president of the *United Steelworkers of America*, Mr. David J. McDonald, appeared before the committee in support of the present bill. He spoke on behalf of more than 1,200,000 workers in the basic steel-producing, the metal-fabricating, aluminum- and metal-mining industries in the United States and Canada. After stating that pas-

sage of the bill is essential to the security of the United States, Mr. McDonald said that—

It is, of course, essential that the United States keep its own economic house in order, that the American economy be kept strong, employment must be kept at a high level, and the living standards of our people be steadily raised. I am of the opinion that expanding our foreign trade will assist rather than hinder the attainment of these objectives.

* * * * *

To carry out such policies is enlightened self-interest. If I had the slightest feeling that increased trade, particularly imports, would be injurious to the American workingmen, I would not be here today supporting a policy of trade liberalization. It is precisely because I believe that it is in the interest of the American workers and our people generally, that I am happy to continue to support a liberal trade policy at this critical juncture of American history.

* * * * *

The best figures that we could get indicate that employment attributable to exports is far greater than the immediate displacement of workers that would result by even a substantial reduction of our tariff duties. Secretary of Commerce Sinclair Weeks, in his testimony in connection with the Trade Agreement Extension Act of 1953, and which he repeated again the other day in his testimony before this committee, stated that over 4.4 million workers, or 7 percent of the total employment of the country, are dependent upon foreign trade.

He estimated that 3 million workers are involved in exports while more than a million more have employment in transporting, distributing, and manufacturing imports. Other reliable estimates indicate that in the iron and steel industry, the industry in which I am directly concerned, close to 160,000 workers, or almost 17 percent of the 965,000 workers in the industry, are dependent upon exports.

* * * * *

The most reliable estimates that we could find, indicate that even a full 50-percent reduction of all United States tariffs would not likely affect more than 100,000 jobs. This is the effect that could be expected in the short run. As time passes and economic adjustments take place, many of these workers would be absorbed in other lines of activity. This is not to say that workers displaced by imports should be left to their own devices to find new jobs. Both the short run and the long run are important. These estimates simply underline the basic truth that the American workers have more to lose from the curtailment of exports than from the expansion of foreign trade.

Mr. Hartman Barber, representing the *Brotherhood of Railway Clerks*, expressed the continued support by his organization of the reciprocal trade agreements program. Mr. Barber stated:

There is a tendency among some Americans to consider our foreign trade as relatively unimportant. The facts point to the opposite conclusion. Our prosperity is greatly affected by our foreign trade. Our Nation is now the world's principal foreign trading country. The reduction in the sales of some companies by the amount of their foreign trade would mean the difference between a profit and loss.

Exports take a quarter or even a half of the total United States production of some commodities. In the year preceding the outbreak of the Second World War, the exports of our Nation furnished a market for 12 percent of our lard, 12 percent of our radios, 11 percent of our automobiles, 14 percent of our industrial machinery, 22 percent of our office appliances, 29 percent of our tobacco, 29 percent of our sardines, 31 percent of our cotton, 36 percent of our dried fruit, 36 percent of our sulfur, 38 percent of our rosin, and 52 percent of our production of phosphate rock. Some of these commodities are produced only in certain relatively small areas. In such cases, if exports were to decline there would be a concentrated effect upon the areas where they are produced.

Since the close of the Second World War, the goods we exported exceeded the value we imported by several billion dollars each year. We cannot continue to export, of course, unless we are willing to receive goods in exchange for the products we sell abroad.

* * * * *

A large number of our citizens earn their livelihood in occupations directly attributable to foreign trade. In the transportation industry, the industry in which the members of the *Brotherhood of Railway Clerks* are employed approximately 10 percent of the employment is so attributable.

THE TESTIMONY OF PUBLIC-INTEREST GROUPS

As in the past when extension of the Trade Agreements Act has been considered by the committee, representatives of some of the most important public interest groups in the Nation appeared and testified in support of the legislation.

Mrs. A. Paul Hartz, chairman of legislation for the *General Federation of Women's Clubs*, with a membership of 5½ million, testified this year in support of H. R. 1.

A representative of the *Cooperative League of the USA* appeared before the committee on behalf of most of the consumer cooperatives of the country both rural and urban, some of the major farm supply cooperatives, two of the mutual insurance groups and a number of other organizations. The direct membership of the league is about 2,500,000 families. The statement of the league emphasized the fact that it "represents *both* producers and consumers" and pointed out that they thought it was to their benefit—

and indeed, to the benefit of all Americans, that the Reciprocal Trade Agreements Act should be extended.

It has often been said that the consumer is the forgotten man. Other interests, farmers, electric power companies, manufacturers, bankers, all have their spokesmen here in Washington. Whenever Congress writes a bill, these spokesmen present their points of view to the legislators. Yet all of us are consumers, whether we own a farm as I do in Ohio, or make watches, or run powerplants: no matter what we do for a living, the money we get or income is spent at least in part on goods and services.

If there can be said to be such a thing as a general interest, it is the interest of the American as a consumer. The manufacturer of watch movements may have a diametrically opposite interest to the assembler of watches who imports his movements from Switzerland. The textile manufacturer may have a direct conflict in interest with the exporter of heavy machinery. Yet *all* Americans however they make their living, have an interest in plentiful food, abundant goods, and low prices.

The *League of Women Voters*, which consists of 126,000 members in 960 local leagues in all 48 States, Alaska, Hawaii, and the District of Columbia, was represented by Mrs. Oscar M. Rubenhausen. She characterized the President's proposal as a moderate one, but stated that "as a result of its passage the United States and other nations should be able to progress in their negotiations toward the goal of expanding world trade."

Dr. Alzada Comstock testified in support of H. R. 1 on behalf of the *American Association of University Women*, an organization of women college graduates with a membership of more than 131,000 women in the 48 States, Hawaii, Guam, and Alaska. She stated that:

The association believes that through the years the reciprocal trade agreements program has served the interests of the American people and has strengthened international relations (1) by promoting the expansion of world trade, (2) by providing machinery through which this Nation and other nations could seek their mutual advantage through the exchange of goods, and (3) by providing for the consideration of all American interests—consumers, producers, and exporting industries as well as industries in competition with foreign goods in the United States market.

Among other public interest organizations which had representatives expressing support of the bill were:

The American Veterans Committee

The Jewish War Veterans of the United States of America

The Friends' Committee on National Legislation

The Americans for Democratic Action

The Council on International Relations of San Antonio, Tex.

The Committee on Foreign Trade Education, Inc.

OVERWHELMING PRESS SUPPORT OF H. R. 1

The press throughout the country has shown increasing interest in the renewal of the Trade Agreements Act during the past year. Editorial comment has been overwhelmingly in favor of the trade-agreements program and a substantial majority of those newspapers which have taken a position, support the pending legislation. Editorial writers emphasize that the program is essential to healthy international economic conditions, the maintenance of free world strength, and domestic prosperity.

Boston Herald, January 11, 1955:

The President's program should be adopted at the present session of Congress. We have been fencing with the inevitable long enough.

Buffalo Courier-Express, January 11, 1955:

President Eisenhower's proposal is in line with the thinking not only of enlightened American political leaders of both parties, but also of outstanding spokesmen of business and industry. America's position as 20th century leader of the free world would be impaired * * * by retreat into 19th century high-tariff policies.

Charleston (S. C.) News and Courier, January 13, 1955:

We agree with Mr. Eisenhower that tariffs should be lowered.

Chicago Sun-Times, January 11, 1955:

President Eisenhower's special message * * * outlines a sane and sensible program that deserves the full support of Congress.

Christian Science Monitor, January 11, 1955:

In our opinion, this all adds up to a useful program.

Dallas News, January 11, 1955:

The President is right in asserting that what he is proposing is less in the interests of aid for foreign trade than of aid for the United States.

Dayton News, January 11, 1955:

Fortunately, the political omens are favorable for enactment of the program.

Denver Post, January 11, 1955:

Modest as Mr. Eisenhower's program is, it has great potentials—for American business, for American agriculture * * * for those countries which are not adverse to encouraging investments by American companies.

Des Moines Register, January 12, 1955:

These are very modest and very moderate proposals toward carrying out such a policy (President's stated goals). Let us hope that they are not weakened further.

Detroit News, January 19, 1955:

The administration has not asked for a drastic reduction in import duties. It has asked for a stable and rational trade policy.

Garden City Newsday, January 3, 1955:

The President must not retreat before opposition this year as he did last year. His program is sound. He must fight until he wins.

Great Falls (Mont.) Tribune, January 19, 1955:

There is little reason for a partisan fight over this program.

Hartford Courant, January 11, 1955:

But by and large for every domestic producer that is hurt by trade there are a vast number who are benefited, as is the public generally.

Houston Post, January 12, 1955:

Taken together, all of the proposals, if enacted, should result in good for the United States and all other participating countries.

Kansas City Times, January 11, 1955:

The broad foreign economic program which President Eisenhower submitted yesterday in a special message to Congress is geared at three levels to our own national self-interest * * * It looks like an attractive package.

Louisville Courier-Journal, January 12, 1955:

President Eisenhower has always made uncommonly sound sense on the foreign trade issue. He has done it again with his latest message to Congress.

Milwaukee Journal, January 11, 1955:

The President is correct in terming his program "moderate, gradual, and reciprocal."

Newark News, January 11, 1955:

As Clarence B. Randall * * * told the Congress of American Industry last month, "a tariff that cuts imports is a tariff that cuts exports."

New Orleans Times-Picayune, January 12, 1955:

Mr. Eisenhower's program seems to be well devised to stress the advantages of two-way trade.

New York Herald Tribune, January 12, 1955:

It (President's message) states the case for promptly taking those legislative steps in the fields of foreign trade and investment that will contribute to a strengthening of the economic base upon which security must rest.

New York Journal of Commerce, January 25, 1955:

The tariff-reduction provisions of this measure are quite mild, and the record of Mr. Eisenhower's first 2 years in the White House indicates that when he uses them at all he will use them with restraint.

New York Times, January 11, 1955:

They (President's proposals) really represent the minimum for an intelligible and intelligent foreign-trade policy.

New York World-Telegram and Sun, January 11, 1955:

President Eisenhower's message to Congress on foreign economic policy is sound and wise. Its proposals are moderate, yet taken together they can contribute greatly to our own prosperity and that of our allies and the underdeveloped areas of the free world.

Philadelphia Inquirer, January 11, 1955:

The time has come for Congress to vote the longer (than 1 year) program as evidence of our intention to help other countries—and ourselves—by expanding foreign trade.

Providence Journal, January 11, 1955:

For our own national welfare, we must have a trade program as broad and multipurpose in scope as Mr. Eisenhower has proposed. And it must have continuity.

St. Louis Post-Dispatch, January 11, 1955:

President Eisenhower's splendid message to Congress on foreign economic policy makes eminently good sense, as did the similar proposals when he first made them a year ago.

Salt Lake City Deseret News & Telegram, January 11, 1955:

If we recognize America's position in world affairs—and we cannot escape doing so—we must agree with the basis of the President's program.

San Antonio Express, January 11, 1955:

It follows that what President Eisenhower now seeks of Congress, in effect, is that it untie his hands so that he can wield a vital economic weapon, "trade, not aid," for the Nation's defense. He can be trusted to use the weapon discreetly * * * for moral effect Congress should act speedily.

Toledo Blade, January 12, 1955:

Overall, the President's world trade message reflects midcentury facts the Nation cannot afford to overlook.

Washington Post and Times-Herald, January 11, 1955:

Approval of the program will mark an important step toward freer trade that should not be discounted just because it leaves much to be done.

Watertown (N. Y.) Times, January 10, 1955:

President Eisenhower takes the international long view on foreign trade, a view that his party should take, but a view that his party has failed to take in many years.

Youngstown Vindicator, January 10, 1955:

The requests are moderate enough, and American industries have the added protection of the existing peril point and escape clauses which the President would continue.

APPENDIX C

ACCOMPLISHMENTS OF THE TRADE AGREEMENTS PROGRAM

The record of accomplishment under the Trade Agreements Act is one of continuous and increasing contributions to the expansion of the American economy and levels of world trade. Under the act the United States now has trade-agreement relationships with 42 countries. Ten of these are bilateral agreements. The other 32 have been negotiated under the auspices of the General Agreement on Tariffs and Trade (GATT). Some of the negotiations conducted under the GATT replace former bilateral agreements. Following is the list of countries with which the United States has trade agreements:

Country	Date concluded	Date effective	Country	Date concluded	Date effective
Argentina.....	Oct. 14, 1941	Nov. 15, 1941	Iceland.....	Aug. 27, 1943	Nov. 19, 1943
Australia ¹	Oct. 30, 1947	Jan. 1, 1948	India ¹	Oct. 30, 1947	July 9, 1948
Austria ¹	Apr. 21, 1951	Oct. 19, 1951	Indonesia ¹	do.....	Mar. 11, 1948
Belgium ²	Oct. 30, 1947	Jan. 1, 1948	Iran.....	Apr. 8, 1943	June 28, 1944
Brazil ²	do.....	July 31, 1948	Italy ¹	Oct. 10, 1949	May 30, 1950
Burina ¹	do.....	July 30, 1948	Luxembourg ²	Oct. 30, 1947	Jan. 1, 1948
Canada ²	do.....	Jan. 1, 1948	Netherlands ^{1 2}	do.....	Do.
Ceylon ¹	do.....	July 30, 1948	New Zealand ¹	do.....	July 31, 1948
Chile ¹	do.....	Mar. 16, 1949	Nicaragua ^{1 2}	Oct. 10, 1949	May 28, 1950
Cuba ^{1 2}	do.....	Jan. 1, 1948	Norway ¹	Oct. 30, 1947	July 11, 1948
Denmark ¹	Oct. 10, 1949	May 28, 1950	Pakistan ¹	do.....	July 31, 1948
Dominican Republic ¹	do.....	May 19, 1950	Paraguay.....	Sept. 12, 1946	Apr. 9, 1947
Ecuador ³	Aug. 6, 1938	Oct. 23, 1938	Peru ^{1 2}	Apr. 21, 1951	Oct. 7, 1951
El Salvador.....	Feb. 19, 1937	May 31, 1937	Southern Rhodesia ¹	Oct. 30, 1947	July 12, 1948
Finland ^{1 2}	Oct. 10, 1949	May 25, 1950	Sweden ^{1 2}	Oct. 10, 1949	Apr. 30, 1950
France ^{1 2}	Oct. 30, 1947	Jan. 1, 1948	Switzerland.....	Jan. 9, 1936	Feb. 15, 1936
Germany ¹	Apr. 21, 1951	Oct. 1, 1951	Turkey ^{1 2}	Apr. 21, 1951	Oct. 17, 1951
Greece ¹	Oct. 10, 1949	Mar. 9, 1950	Union of South Africa ¹	Oct. 30, 1947	June 14, 1948
Guatemala.....	Apr. 24, 1936	June 15, 1936	United Kingdom ^{1 2}	do.....	Jan. 1, 1948
Haiti ^{1 2}	Oct. 10, 1949	Jan. 1, 1950	Uruguay ^{1 2}	Oct. 10, 1949	Dec. 16, 1953
Honduras.....	Dec. 18, 1935	Mar. 2, 1936	Venezuela.....	Nov. 6, 1939	Dec. 16, 1939

¹ Agreement concluded under auspices of General Agreement on Tariffs and Trade.

² Replaced bilateral agreement with United States.

³ To be terminated on July 18, 1955.

The following table demonstrates the expansion of United States trade with trade-agreement countries. As is shown in the table, trade with countries with which the United States has trade agreements had in some cases expanded between 1937 and 1953 by more than 1,000 percent. While this expansion in our export trade is not due exclusively to concessions obtained by the United States in trade agreements, they have nevertheless made a substantial contribution to this expansion through the more favorable customs treatment obtained for our goods. The most dramatic case, although the value of the total trade is not large, is trade with Iceland, which has expanded more than 7,000 percent since 1937.

After 1945 most of the world's economies had been seriously dislocated by the war and many countries were forced to adopt special measures to restrict imports, particularly from the United States,

since there was a worldwide shortage of dollars. This shortage is now less acute and balance-of-payment restrictions have been considerably reduced and modified by most of the countries.

Estimated value of United States exports in 1937 and 1953 to countries with which trade agreements are now in effect

[Thousands of dollars]

Country	1937		1953		Percent increase 1937 to 1953 total exports
	Total United States exports	Export of concession items ¹	Total United States exports	Export of concession items ¹	
Argentina.....	93,831	44,100	104,100	48,927	10.9
Australia.....	73,360	44,750	134,300	81,923	83.0
Austria.....	3,062	980	60,200	19,264	1,866.0
Benelux and dependencies.....	245,384	234,832	630,700	603,580	157.0
Brazil.....	68,271	36,866	293,900	158,706	330.5
Burma.....	(2)		6,800	2,788	
Canada.....	491,489	353,872	2,941,100	2,117,592	498.4
Ceylon.....	1,718	807	7,100	3,337	313.3
Chile.....	23,742	14,957	97,600	61,488	311.1
Cuba.....	90,760	87,130	425,200	408,192	368.5
Denmark.....	17,150	6,003	38,300	13,405	123.3
Dominican Republic.....	6,371	1,911	47,000	14,100	637.7
Ecuador.....	5,004	2,102	41,300	17,346	725.3
El Salvador.....	3,593	431	37,000	4,440	929.8
Finland.....	12,243	3,918	22,100	7,072	80.5
France and dependencies.....	174,135	152,194	392,500	343,045	125.4
Germany.....	122,993	92,245	348,200	261,150	183.1
Greece.....	5,829	1,574	50,100	13,527	759.5
Guatemala.....	7,397	1,997	44,300	11,961	498.9
Haiti.....	4,025	604	28,800	4,320	615.5
Honduras.....	5,492	989	35,500	6,390	546.4
Iceland.....	174	50	13,300	3,857	7,543.7
India and Pakistan.....	³ 43,649	{	⁴ 151,300		
Indonesia.....	(6)		⁵ 98,100	72,326	
Iran.....	5,456	4,528	103,999	51,999	315.9
Italy.....	75,775	40,919	21,400	17,762	292.2
New Zealand.....	23,824	15,486	280,900	151,686	270.7
Nicaragua.....	3,293	955	31,400	20,410	31.8
Norway.....	21,964	9,884	25,900	7,511	686.5
Paraguay.....	742	430	64,600	29,070	194.1
Peru.....	18,883	9,442	7,100	4,118	856.9
Southern Rhodesia.....	(7)		118,600	59,300	528.1
Sweden.....	64,317	21,225	4,600	2,898	
Switzerland.....	9,411	4,706	101,700	33,561	58.1
Turkey.....	14,856	6,982	131,200	65,600	1,294.1
Union of South Africa.....	88,292	46,795	64,500	30,315	334.2
United Kingdom and dependencies.....	579,424	403,859	206,600	109,498	133.9
Uruguay.....	13,105	3,407	698,100	486,576	205
Venezuela.....	46,229	15,256	24,500	6,370	86.9
			510,800	168,564	1,004.9

¹ Estimated figure derived from applying to total exports in 1937 and 1953, 1949 ratio of exports under trade agreements concession to total exports.

² Included in Burma and India.

³ British India includes Burma.

⁴ India.

⁵ Pakistan.

⁶ Included in Benelux and dependencies.

⁷ Included in other British South Africa.

Concessions obtained by the United States in its negotiations under the Trade Agreements Act have extended to every segment of the United States economy. The Torquay negotiations, conducted under the auspices of the General Agreement on Tariffs and Trade at which the United States negotiated with 17 countries, illustrate the range of concessions that the United States has obtained. At that conference, which is just 1 of 3 major conferences at which the United States has obtained concessions, we obtained concessions on an estimated \$1,100 million of our exports in 1949 to the 17 countries with

which the United States concluded agreements. The concessions obtained include those on agricultural products and foodstuffs such as wheat, flour, corn, oil seeds, vegetable oils, cotton, and tobacco; fresh, dried, and canned fruit; fruit juices, nuts, canned and dried vegetables, soups, lard, pork, canned and salted meats, canned and powdered milk, cheese, dried eggs, confectionery, canned fish, and prepared food specialties.

In the machinery field the more important lines for which we obtained concessions were: many types of industrial machinery; automotive vehicles and products, including passenger cars, trucks, trailers, industrial lift trucks, tractors, mining locomotives, and automobile parts and accessories; machine tools and metal-working machinery; mining machinery; earth-moving equipment; air compressors and pumps; pneumatic tools; printing presses and other equipment for the graphic arts; and agricultural machinery and implements.

Other concessions were obtained on many kinds of electrical machines, equipment, and appliances, including refrigerating and air-conditioning machinery, radio and television receiving and transmitting apparatus, motors, generators, and transformers; ignition systems; household appliances, such as washing machines, irons, heating devices, and lighting fixtures and equipment; X-ray apparatus, batteries, electronic tubes, and incandescent light bulbs.

Numerous concessions were obtained on chemical, pharmaceutical and medicinal products; rubber goods, including tires, tubes, hose, belting and packing; petroleum products, including lubricants, petrolatum and paraffin; naval stores, including rosin and turpentine; glass manufactures, including bottles, jars, and specialties; leather and numerous leather manufactures; various kinds of lumber, plywood, paper and paper products; numerous manufactures of iron and steel including tinplate, boilers, tanks; and bathroom fixtures; coal, coke, sulfur and borax; asbestos manufactures; abrasives, including paper, cloth and stones; and other typical United States export specialties such as office machines and appliances, motion pictures, film, cameras and projection apparatus, handtools, phonographs, fountain pens, safety razors and blades, metal office furniture, nylon hosiery, toilet preparations; and paints and varnish.

UNITED STATES EXPORTS OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

The following survey gives some examples of commodities on which the United States obtained tariff concessions from foreign countries under the trade-agreements program and in which United States exports to those countries have increased. It also gives examples of concession items which have been freed of quota restrictions in cases of countries whose balance of payments situation has improved enough to make it possible for them to reduce their controls over imports.

The statistics used for this compilation are United States export statistics.

UNITED STATES EXPORTS TO AUSTRALIA OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Australia increased from \$73,360,000 in 1937 to \$134,300,000 in 1953, an overall increase of 83 percent.

Approximately 61 percent of United States exports to Australia are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Cotton semimanufactures.....	\$17, 000	\$182, 000
Cotton manufactures.....	115, 000	154, 000
Synthetic fibers and manufactures.....	14 000	851, 000
Sawmill products.....	1, 035, 000	4, 022, 000
Electrical machinery and appliances.....	2, 228, 000	6, 274, 000
Office machines and appliances.....	1, 033, 000	1, 675, 000

UNITED STATES EXPORTS TO AUSTRIA OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Austria increased from \$3,062,000 in 1937 to \$60,200,000 in 1953, an overall increase of 1,866 percent.

Approximately 32 percent of United States exports to Austria are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Prunes.....	\$7, 000	\$114, 000
Canned peaches.....	0	4, 000
Raw cotton.....	36, 000	12, 465, 000
Tires.....	44, 000	87, 000

UNITED STATES EXPORTS TO BENELUX OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Benelux and its dependencies increased from \$245,384,000 in 1937 to \$630,700,000 in 1953, an overall increase of 157 percent.

Approximately 96 percent of United States exports to Benelux are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Oranges and tangerines.....	\$14, 000	\$5, 911, 000
Raisins.....	916, 000	998, 000
Cottonseed oil cake.....	0	227, 000
Leaf tobacco.....	4, 544, 000	21, 704, 000
Raw cotton.....	19, 219, 000	21, 430, 000

In 1954, 83 percent of the total value of Benelux imports from the United States entered free of restrictions. The items permitted free entry and on which the United States had received concessions, were within the following commodity classifications:

Fruits	Leather, rubber, and paper products
Vegetable oils	Textiles
Processed food items	Metal manufactures
Minerals and manufactures of chemicals	Machinery

UNITED STATES EXPORTS TO BRAZIL OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Brazil increased from \$68,271,000 in 1937 to \$293,900,000 in 1953, an overall increase of 331 percent.

Approximately 54 percent of United States exports to Brazil are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Transformers.....	\$313, 000	\$2, 029, 000
Radio tubes.....	194, 000	536, 000
Coal-tar dyes.....	158, 000	754, 000
Electromedical and electro dental equipment.....	234, 000	3, 152, 000
Transformer oil.....	57, 000	310, 000

UNITED STATES EXPORTS TO BURMA OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Burma increased from \$2,714,000 in 1938-39¹ to \$6,800,000 in 1953, an overall increase of 151 percent.

Approximately 41 percent of United States exports to Burma are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1946	1953
Radios and parts.....	\$28, 000	\$236, 000
Pumping machinery, hand pumps and parts.....	0	30, 000

UNITED STATES EXPORTS TO CANADA OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Canada increased from \$491,489,000 in 1937 to \$2.9 billion in 1953, an overall increase of 498 percent.

Approximately 72 percent of United States exports to Canada are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

¹ 1937 statistics not available.

Commodity	United States exports	
	1937	1953
Fresh fruit:		
Oranges.....	\$7,200,000	\$19,700,000
Grapefruit.....	1,300,000	4,300,000
Other fresh fruit.....	5,000,000	16,600,000
Fruit juice.....	700,000	11,400,000
Rasins (dried).....	400,000	2,900,000
Plums and prunes, dried.....	800,000	2,300,000
Vegetables, fresh and frozen.....	4,300,000	25,800,000
Corn.....	1,100,000	9,800,000
Rice, paddy (rough).....	100,000	3,200,000
Tobacco.....	1,200,000	2,100,000
Coal, anthracite.....	14,700,000	50,500,000
Coal, other.....	44,000,000	157,900,000
Clothing, cotton.....	400,000	3,300,000
Shoes, boots, etc.....	800,000	4,400,000
Furniture, house, office, store, of wood and other.....	800,000	8,300,000
Refrigeration apparatus.....	2,500,000	35,500,000
Business machines: typewriters, adding, bookkeeping, and calculating machines and parts.....	2,300,000	6,200,000
Apparatus for cooking and heating: coal, wood, oil, gas, electric.....	1,300,000	22,700,000
Glass: sheet, plate, demijohns, carboy, machine-made tumblers, etc.....	2,400,000	16,500,000
Machinery: all types, composed wholly or in part of iron or steel, not otherwise provided for, and complete parts.....	38,000,000	125,000,000
Parts of automobiles, trucks, buses.....	52,600,000	230,000,000
Iron and steel manufactures.....	19,600,000	60,000,000

Canada does not maintain quantitative import restrictions for balance-of-payments reasons. However, the Canadian tariff embodies prohibitions on a few special categories of goods. Quantitatively these have very little effect on United States export trade with Canada.

UNITED STATES EXPORTS TO CEYLON OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Ceylon increased from \$1,718,000 in 1937 to \$7,100,000 in 1953, an overall increase of 313 percent.

Approximately 47 percent of United States exports to Ceylon are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Fresh apples.....	\$17,000	\$27,000
Fresh grapes.....	42,000	58,000
Leaf tobacco.....	302,000	850,000
Typewriters.....	22,000	32,000

UNITED STATES EXPORTS TO CHILE OF PRODUCTS SUBJECT TO TRADE
AGREEMENT CONCESSIONS

Total United States exports to Chile increased from \$23,742,000 in 1937 to \$97,600,000 in 1953, an overall increase of 311 percent.

Approximately 63 percent of United States exports to Chile are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Typewriters.....	\$129,000	\$226,000
Tractors.....	151,000	2,422,000
Oversize tires (excluding trucks and buses).....	2,000	200,000
Whisky.....	0	5,000

UNITED STATES EXPORTS TO CUBA OF PRODUCTS SUBJECT TO TRADE AGREEMENT
CONCESSIONS

Total United States exports to Cuba increased from \$90,760,000 in 1937 to \$425,200,000 in 1953, an overall increase of 369 percent.

Approximately 96 percent of United States exports to Cuba are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Raw cotton.....	\$448,000	\$1,546,000
Wheat flour.....	6,361,000	8,502,000
Crude petroleum.....	1,379,000	8,145,000
Gasoline.....	1,975,000	7,273,000
Lubricating oils.....	684,000	905,000
Autos, trucks, parts and accessories.....	5,500,000	28,308,000

Cuba has no general controls over its import trade. Import licenses are required for 6 commodities, on 4 of which the United States had been granted tariff concessions (wheat, rice, potatoes, and tires and tubes). But this has had a negligible effect upon Cuba's total imports from the United States.

UNITED STATES EXPORTS TO DENMARK OF PRODUCTS SUBJECT TO TRADE
AGREEMENT CONCESSIONS

Total United States exports to Denmark increased from \$17,150,000 in 1937 to \$38,300,000 in 1953, an overall increase of 123 percent.

Approximately 35 percent of United States exports to Denmark are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Wheat.....	\$179,000	\$185,000
Canned fruit.....	16,000	58,000
Soybeans.....	0	4,156,000
Leaf tobacco.....	670,000	7,412,000
Raw cotton.....	2,320,000	5,755,000
Refrigerators.....	1,000	4,000

Denmark has recently removed licensing requirements for about 38 percent of its imports. The following are examples of commodities on which the United States has trade-agreement concessions and which Denmark has freed of import restrictions:

Bluegrass seed	Combines, with electric elements
Redtop grass seed	Combines, other
Certain leaf tobacco	Parts of combines
Raw cotton and linters	Parts of drilling and boring machines
Gum and wood rosin	Parts of metalworking machines
Aircraft engines and parts	Files and rasps
Motion pictures	Methyl chloride
Carbon black	

UNITED STATES EXPORTS TO THE DOMINICAN REPUBLIC OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to the Dominican Republic increased from \$6,371,000 in 1937 to \$47,000,000 in 1953, an overall increase of 638 percent.

Approximately 30 percent of United States exports to the Dominican Republic are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Prepared oat cereals.....	\$39,000	\$152,000
Wheat.....	15,000	90,000
Wheat flour.....	16,000	1,361,000
Fresh fruit.....	22,000	175,000
Canned peaches.....	2,000	9,000
Canned pears.....	2,000	7,000
Typewriters.....	19,000	67,000
Fountain pens.....	3,000	20,000

The Dominican Republic requires import licenses only on wheat and wheat flour, rice, radio transmitting equipment, and fertilizers.

UNITED STATES EXPORTS TO EL SALVADOR OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to El Salvador increased from \$3,593,000 in 1937 to \$37 million in 1953, an overall increase of 930 percent.

Approximately 12 percent of United States exports to El Salvador are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Tires and tubes.....	\$77,000	\$288,000
Leather.....	114,000	253,000
Canned mackerel.....	2,000	179,000
Fresh apples, pears, and grapes.....	21,000	111,000
Canned asparagus, peas, corn, and tomatoes.....	7,000	75,000
Canned peaches, pears, and mixed fruit.....	28,000	43,000
Phonograph records.....	7,000	58,000
Rubber hose.....	4,000	28,000
Canned pork.....	5,000	41,000
Oatmeal, rolled oats, and preparations.....	12,000	61,000

El Salvador maintains no restrictions against imports.

UNITED STATES EXPORTS TO FRANCE OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to France and its dependencies increased from \$174,135,000 in 1937 to \$392,500,000 in 1953, an overall increase of 125 percent.

Approximately 87 percent of United States exports to France are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Cotton, raw, ginned, unbleached	\$44,025,000	\$84,196,000
Machine tools	3,621,000	10,855,000
Oranges, fresh or dried	38,000	858,000
Electric household refrigerators	750,000	1,164,000
Steel sheets (automobile bodies)	1,016,000	4,389,000
Calculating machines and parts	2,170,000	4,831,000

UNITED STATES EXPORTS TO THE FEDERAL REPUBLIC OF GERMANY OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Western Germany increased from \$122,993,000 in 1937 (all of Germany) to \$348,200,000 in 1953, an overall increase of 183 percent.

Approximately 75 percent of United States exports to Western Germany are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Corn (maize)	\$103,000	\$7,748,000
Wheat	751,000	60,264,000
Grapefruit	1,000	7,000
Lard	265,000	4,829,000
Dried milk	0	286,000
Tires and tubes	14,000	25,000
Sewing machines	1,000	6,000
Typewriters	32,000	159,000

Western Germany has been getting rid of some of its import restrictions on dollar goods. About one-third of the value of German imports from the United States in 1953 were free of import restrictions. The following are examples of commodities on which the United States has trade-agreement concessions and which have been freed of import restrictions:

Coniferous resins
 Unrefined lard
 Rendered tallow, unfit for human consumption
 Oleostearine, unfit for human consumption
 Monohydric alcohols and derivatives
 Turpentine and other distillate products of coniferous resins and woods
 Disinfecting, insecticidal, fungicidal, weed-killing, and similar preparations
 Goatskin leather, dressed
 Douglas fir
 Cotton
 Linters
 Air pumps and air or gas compressors
 Baking machinery and equipment

Sewing machines
 Leathermaking machinery
 Machine tools, metalworking
 Machines for working wood, plastics, and other hand-carving materials
 Typewriters
 Calculating and accounting machines
 Parts and accessories for office machines and appliances
 Mining locomotives
 Motor vehicles

UNITED STATES EXPORTS TO GREECE OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Greece increased from \$5,829,000 in 1937 to \$50,100,000 in 1953, an overall increase of 760 percent.

Approximately 27 percent of United States exports to Greece are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Evaporated milk.....	\$1,000	\$787,000
Wheat.....	663,000	11,497,000
Refrigerators.....	22,000	231,000
Fountain pens.....	1,000	79,000

Over 90 percent of all commodities imported by Greece are free of import restrictions. The items free of import controls include all concessions obtained by the United States from Greece except the concessions on furs and machinery.

UNITED STATES EXPORTS TO GUATEMALA OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Guatemala increased from \$7,397,000 in 1937 to \$44,300,000 in 1953, an overall increase of 499 percent.

Approximately 27 percent of United States exports to Guatemala are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Lard.....	\$37,000	\$1,021,000
Evaporated, condensed, and dried milk.....	25,000	483,000
Sardines and other canned fish.....	17,000	156,000
Wheat and wheat flour.....	567,000	1,988,000
Cotton yarn and fabric.....	493,000	3,870,000
Tires and tubes.....	94,000	366,000
Automobiles, trucks, and buses.....	537,000	3,557,000
Typewriters, duplicating and calculating machines.....	52,000	380,000
Cotton shirts.....	37,000	270,000

Guatemala maintains no quantitative controls over its exports.

UNITED STATES EXPORTS TO HAITI OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Haiti increased from \$4,025,000 in 1937 to \$28,800,000 in 1953, an overall increase of 616 percent.

Approximately 15 percent of United States exports to Haiti are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Dried milk.....	\$3,000	\$63,000
Evaporated milk.....	8,000	36,000
Cereals of oats.....	4,000	22,000
Fresh apples.....	4,000	17,000
Raisins.....	1,000	6,000
Prunes.....	2,000	6,000
Tires and tubes.....	51,000	266,000
Surgical dressings.....	12,000	73,000
Radios.....	19,000	55,000
Automobiles (passenger).....	118,000	907,000

Haiti requires import licenses only on a few items, tobacco products, firearms, ammunition and explosives, none of which are subject to tariff concessions.

UNITED STATES EXPORTS TO HONDURAS OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Honduras increased from \$5,492,000 in 1937 to \$35,500,000 in 1953, an overall increase of 546 percent.

Approximately 18 percent of United States exports to Honduras are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Passenger cars, trucks, and buses.....	\$93,000	\$2,712,000
Cotton hosiery and shirts.....	19,000	388,000
Bags and sacks.....	52,000	202,000
Fruits: fresh, canned, and dried.....	25,000	119,000
Bakery products.....	14,000	143,000
Wheat flour.....	75,000	736,000
Condensed, evaporated, and dried milk.....	46,000	239,000
Canned sardines.....	9,000	132,000
Denims.....	11,000	417,000
Medicinals and pharmaceuticals.....	144,000	1,140,000
Toilet soaps.....	15,000	87,000
Canned meats and vegetables.....	26,000	142,000

Honduras has administered its exchange control system liberally and in July 1950 had an across-the-board relaxation of exchange controls.

UNITED STATES EXPORTS TO ICELAND OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Iceland increased from \$174,000 in 1937 to \$13,300,000 in 1953, an overall increase of over 7,000 percent.

Approximately 29 percent of United States exports to Iceland are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Raisins and prunes.....	0	\$112,000
Wheat flour.....	\$2,000	563,000
Cottonseed and soybean oil.....	0	85,000
Lubricating oils.....	1,000	124,000
Office machinery and parts.....	5,000	79,000
Rubber boats.....	16,000	42,000

Iceland has lifted all import restrictions on the following trade agreement items:

Rice and rice grits	Other cereals
Corn and cornmeal	Cottonseed and soybean oil
Wheat flour	Lubricating oils
Oatmeal and oat grits	Rubber boats

UNITED STATES EXPORTS TO INDIA-PAKISTAN OF PRODUCTS SUBJECT TO TRADE-AGREEMENT CONCESSIONS

Total United States exports to India-Pakistan ¹ increased from \$35,377,000 in 1938-39 to \$249,400,000 in 1953, an overall increase of 605 percent.

Approximately 29 percent of United States exports to India-Pakistan are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Dried skim milk.....	0	\$5,586,000
Tobacco and manufactures.....	\$1,628,000	2,880,000
Copper ore concentrates.....	0	2,223,000
Tractors and parts.....	208,000	6,988,000
Automobiles, parts and accessories.....	8,446,000	12,919,000
Medicinal and pharmaceutical preparations.....	1,634,000	9,101,000

Since 1954 the trend of India's import trade policy has been toward liberalization.

Among the list of items on which the United States had received tariff concessions and for which India has increased the import quotas or permits free importation are:

Specified metals and manufactures	Chemicals
Drugs and medicines	Wood
Agricultural implements	Paper
Electromedical apparatus	Asphalt
	Electric carbons

For the first half of 1955 Pakistan has abolished the distinction between the nondollar area and the dollar area as sources of imports. Included among the items now listed as importable from all sources but still subject to licensing requirements are approximately 95 percent of the items on which the United States had received concessions. They are the following:

Certain mineral products	Metals
Drugs and medicines	Chemicals
Radios and parts	Office machines and equipment
Industrial machinery	Refrigerators
Food products	Typewriters
Toilet articles	Tractors
Automotive vehicles	Tobacco

¹ The GATT negotiations were with India and Pakistan together. Prewar statistics included both countries.

UNITED STATES EXPORTS TO INDONESIA OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Indonesia increased from \$24,999,900 in 1937 ¹ to \$103,999,287 in 1953, an overall increase of 315 percent.

Approximately 50 percent of United States exports to Indonesia are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937 ¹	1953
Hardwares.....	(2)	\$7, 000
Files and rasps.....	\$84, 000	238, 000
Pliers.....	(2)	4, 000
Pumps and parts.....	90, 000	702, 000

¹ Statistics in 1937 are given for Netherlands East Indies, later named Indonesia.

² Less than \$500.

UNITED STATES EXPORTS TO IRAN OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Iran increased from \$5,456,000 in 1937 to \$21,400,000 in 1953, an overall increase of 292 percent.

Approximately 83 percent of United States exports to Iran are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Lubricating oils and greases.....	\$25, 000	\$164, 000
Tires and tubes.....	655, 000	2, 610, 000
Automobiles, buses, chassis, parts, and accessories.....	2, 962, 000	3, 243, 000
Pumps.....	54, 000	189, 000
Refrigeration and air-conditioning equipment.....	1, 000	230, 000
Radio receiving sets and tubes.....	5, 000	130, 000
Tractors.....	12, 000	467, 000

UNITED STATES EXPORTS TO ITALY OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Italy increased from \$75,775,000 in 1937 to \$280,900,000 in 1953, an overall increase of 271 percent.

Approximately 54 percent of United States exports to Italy are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Wheat.....	\$459, 000	\$27, 546, 000
Raw cotton.....	33, 294, 000	42, 604, 000
Metalworking machinery.....	1, 661, 000	22, 198, 000
Calculating machines, cash registers, typewriters, and parts.....	828, 000	2, 928, 000
Tractors, trucks, passenger cars, parts and accessories.....	2, 042, 000	4, 206, 000
Film—unexposed and exposed, motion picture—silent and sound.....	119, 000	482, 000
Dried prunes.....	11, 000	414, 000

During the postwar period, Italy has found it necessary to maintain quantitative import restrictions on many products because of balance-of-payments

difficulties, and has had to concentrate its expenditure of dollars on essential commodities. However, approximately 23 percent of its trade with the dollar area has been liberalized. The following are examples of commodities on which the United States has trade-agreement concessions and which Italy has freed of import restrictions:

Vaseline
Solid paraffin
Carbon black
Silicons, plastic materials, condensation, and polycondensation products
Absorbent cotton in packets weighing not more than one-half kilogram

UNITED STATES EXPORTS TO NEW ZEALAND OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to New Zealand increased from \$23,824,000 in 1937 to \$31,400,000 in 1953, an overall increase of 32 percent.

Approximately 65 percent of United States exports to New Zealand are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Books and other printed matter.....	\$275,000	\$341,000
Office machines and appliances.....	347,000	722,000
Metalworking machinery.....	136,000	207,000
Tractors and parts.....	2,239,000	4,632,000
Tobacco and manufactures.....	1,270,000	4,631,000
Medicinal and pharmaceutical preparations.....	59,000	111,000
Woodworking machinery.....	53,000	255,000

During the postwar period, New Zealand has found it necessary to maintain quantitative import restrictions on many products because of balance-of-payments difficulties, and has had to concentrate its expenditure of dollars on essential commodities. New Zealand has recently increased the list of items free of import restrictions. The following are examples of commodities on which the United States has trade-agreement concessions and which New Zealand has freed of import restrictions:

Hardware	Refrigerating units
Agricultural tractors	Kidskin leather
Radio tubes	Paper products
Machinery	Motor vehicles

UNITED STATES EXPORTS TO NICARAGUA OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Nicaragua increased from \$3,293,000 in 1937 to \$25,900,000 in 1953, an overall increase of 687 percent.

Approximately 29 percent of United States exports to Nicaragua are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Wheat flour.....	\$197,000	\$685,000
Evaporated milk.....	8,000	57,000
Dried milk.....	6,000	51,000
X-ray equipment.....	0	22,000
Typewriters.....	9,000	115,000
Tractors.....	4,000	459,000
Fountain pens.....	2,000	17,000

Quantitative import restrictions in Nicaragua are negligible, and are not applicable to items which are the subject of tariff concessions.

UNITED STATES EXPORTS TO NORWAY OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Norway increased from \$21,964,000 in 1937 to \$64,600,000 in 1953, an overall increase of 194 percent.

Approximately 45 percent of United States exports to Norway are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Raw cotton.....	\$809,000	\$2,435,000
Wheat flour.....	122,000	2,855,000
Leaf tobacco.....	1,195,000	4,587,000
Raisins.....	176,000	366,000

UNITED STATES EXPORTS TO PARAGUAY OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Paraguay increased from \$742,000 in 1937 to \$7,100,000 in 1953, an overall increase of 857 percent.

Approximately 58 percent of United States exports to Paraguay are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Cigarettes.....	\$1,000	\$24,000
Lubricating oils and grease for machinery and vehicles.....	56,000	203,000
Varnishes, driers, and gumlac, prepared, including wood stains.....	1,000	11,000
Toilet colors, eyebrow and eyelash pencils, lipsticks, rouge, nail polish, etc....	3,000	13,000
Dental powders and soap.....	7,000	16,000
Axes, hatchets, and adzes, with or without handles.....	9,000	37,000
Typewriter ribbons.....	(¹)	1,000
Mechanical coin counters, cash registers, calculating machines, bookkeeping machines, and parts thereof.....	5,000	67,000
Typewriters, covers for same and parts.....	12,000	43,000
Storage batteries and parts or elements for same.....	6,000	20,000
Passenger automobiles and buses, etc.....	218,000	1,674,000
Automotive tractors and parts.....	0	370,000
Automatic refrigerators.....	29,000	278,000

¹ Approximately \$500.

UNITED STATES EXPORTS TO PERU OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Peru increased from \$18,883,000 in 1937 to \$118,600,000 in 1953, an overall increase of 528 percent.

Approximately 50 percent of United States exports to Peru are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Motor vehicles.....	\$3,319,000	\$18,772,000
Tractors.....	475,000	4,505,000
Machinery.....	5,974,000	37,977,000
Tinplate.....	500,000	1,221,000
Iron and steel pipe.....	400,000	2,762,000
Iron and steel sheets.....	208,000	1,204,000
Iron and steel bars, rods and shapes for building.....	510,000	1,155,000
Lumber.....	1,007,000	2,134,000

Peru maintains no import restrictions.

UNITED STATES EXPORTS TO SWEDEN OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Sweden increased from \$64,317,000 in 1937 to \$101,700,000 in 1953, an overall increase of 58 percent.

Approximately 33 percent of United States exports to Sweden are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Canned fruit and juices.....	\$125,000	\$422,000
Passenger cars, chassis, other auto parts for assembly, and tire casings.....	8,758,000	11,501,000
Lubricating oils.....	1,183,000	1,822,000
Dried fruits.....	1,757,000	2,331,000
Tractors.....	1,580,000	3,989,000
Metalworking machines.....	1,270,000	3,286,000

Sweden removed import-licensing requirements from about 45 percent of its total imports effective October 1, 1954. The free list includes a great majority of the commodities on which Sweden granted tariff concessions to the United States under the GATT. The free list is composed of raw materials, semimanufactures, many finished goods, almost all chemical products, all hides and skins, rubber products, wood goods, all paper other than newsprint, textile raw materials, yarn, cord fabrics, shoes, hats, and stone, clay, and glass products.

Extensive free listing is also applicable to engineering products. All manufactures of iron and metal, the greater part of iron and steel products, and all machines, apparatus, and instruments with the exception of cameras, projectors, and musical instruments are free listed. Also included are equipment for railways, streetcars, motorcycles, and bicycles. In the field of foodstuffs, imports are free listed among others for dried fruits and raisins, rice, canned fish, and canned fruits, juices, and a number of other products. Finally, the list includes raw materials for plastics and a large number of products of less importance such as small boxes, handbags, fishing tackle, tobacco pipes, fountain pens, and many other consumer goods.

UNITED STATES EXPORTS TO SWITZERLAND OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Switzerland increased from \$9,411,000 in 1937 to \$131,200,000 in 1953, an overall increase of 1,294 percent.

Approximately 50 percent of United States exports to Switzerland are covered by tariff concessions which the United States obtained from that country under

the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Electric refrigerators, machines and parts.....	\$136,000	\$1,183,000
Passenger cars and chassis.....	1,362,000	5,956,000
Typewriters, cash registers, accounting and calculating machines and parts.....	694,000	2,895,000
Hosiery of artificial silk.....	1,000	7,477,000
Lubricating oils and greases.....	103,000	519,000
Dried plums, prunes, apricots, and raisins.....	49,000	574,000
Canned asparagus.....	140,000	628,000
Raw cotton.....	227,000	1,088,000
Typesetting and bookbinding machines.....	93,000	349,000
Coal-tar derivatives.....	65,000	432,000

Ninety-eight percent of Switzerland's imports from all countries are free of restrictions and there is no discrimination against imports from the United States.

UNITED STATES EXPORTS TO TURKEY OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Turkey increased from \$14,856,000 in 1937 to \$64,500,000 in 1953, an overall increase of 334 percent.

Approximately 47 percent of United States exports to Turkey are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Tractors.....	\$140,000	\$1,311,000
Agricultural machinery.....	320,000	4,415,000
Industrial machinery.....	808,000	16,805,000
Automobiles, trucks, etc., and parts.....	1,554,000	7,110,000
Lubricating oil.....	331,000	2,360,000
Tinplate.....	945,000	5,802,000
Electrical equipment.....	606,000	8,335,000

UNITED STATES EXPORTS TO UNION OF SOUTH AFRICA OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Union of South Africa increased from \$88,292,000 in 1937 to \$206,600,000 in 1953, an overall increase of 134 percent.

Approximately 53 percent of United States exports to Union of South Africa are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Wheat.....	\$690,000	\$5,643,000
Office machines and appliances.....	936,000	2,377,000
Tractors and parts.....	2,118,000	11,167,000
Naval stores, gums, and resins.....	186,000	750,000
Synthetic fibers and manufactures.....	1,523,000	14,520,000
Sawmill products.....	1,518,000	5,692,000

Since January 1954 the import-control system has been nondiscriminatory in character insofar as source of imports is concerned. In the Government's announcement regarding its 1955 import-control policy, and which concerns items on which the United States received concessions, were the statements that the

importation of industrial machinery would be on a more liberal basis than in 1954; quotas for agricultural machinery and implements would be increased; consumer-goods imports would be increased.

UNITED STATES EXPORTS TO UNITED KINGDOM OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to the United Kingdom, and its dependencies, increased from \$579,424,000 in 1937 to \$698,100,000 in 1953, an overall increase of 20.5 percent

Approximately 70 percent of United States exports to the United Kingdom are covered by tariff concessions which the United States obtained from that country under the trade agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Machine tools and parts.....	\$18,800,000	\$50,700,000
Wheat.....	6,900,000	29,400,000
Tobacco, unmanufactured.....	87,400,000	125,000,000
Textile machinery.....	1,800,000	5,400,000
Soya beans.....	0	3,100,000
Hosiery of artificial fiber.....	4,000	124,000

During the postwar period, the United Kingdom has found it necessary to maintain quantitative import restrictions on many products because of balance-of-payments difficulties, and has had to concentrate its expenditure of dollars on essential commodities. However, the United Kingdom, in line with its improved balance-of-payments situation, has recently carried out a large measure of relaxation of import restrictions. Approximately 50 percent of its trade with the dollar area has been liberalized. The following are examples of commodities on which the United States has trade agreement concessions and which the United Kingdom has freed of import restrictions:

Wheat	Dried beans
Soybean oil and beans	Softwood
Oats	Maize
Barley	Maize starch
Lard	Soybean cake and meal
Linters and waste	Raw cotton
Canned salmon	

Further, the United Kingdom recently relaxed import restrictions on hardwood and automobiles.

UNITED STATES EXPORTS TO URUGUAY OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Uruguay increased from \$13,105,000 in 1937 to \$24,500,000 in 1953, an overall increase of 87 percent.

Approximately 26 percent of United States exports to Uruguay are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Raisins.....	\$15,000	\$86,000
Tobacco, unmanufactured cigarettes.....	114,000	1,594,000
Harvesters.....	217,000	531,000
Refrigeration equipment.....	219,000	4,420,000
Composing machines; printing presses.....	63,000	265,000
Washing and ironing machines.....	13,000	80,000
Automobiles and trucks.....	3,415,000	4,336,000
Tractors.....	493,000	1,556,000

In December 1954, Uruguay allotted a \$3.5 million quota for the importation of goods from the United States and Canada.

In addition, certain consumer goods which had been on a restricted list were freed. The goods may be purchased from any area. Those of interest to the United States and on which concessions had been granted are foodstuffs, textiles, automobiles, machinery, cigarettes, and lumber.

UNITED STATES EXPORTS TO VENEZUELA OF PRODUCTS SUBJECT TO TRADE AGREEMENT CONCESSIONS

Total United States exports to Venezuela increased from \$46,229,000 in 1937 to \$510,800,000 in 1953, an overall increase of 1,005 percent.

Approximately 33 percent of United States exports to Venezuela are covered by tariff concessions which the United States obtained from that country under the trade-agreements program. Some examples of concession items in which trade has increased are as follows:

Commodity	United States exports	
	1937	1953
Wheat flour.....	\$1, 616, 000	\$9, 222, 000
Prepared milk.....	200, 000	18, 787, 000
Oats, oat flour, and barley.....	14, 000	4, 719, 000
Copper wire.....	295, 000	2, 693, 000
Cigarettes.....	105, 000	5, 412, 000
Trucks, automobiles, accessories, and parts.....	7, 872, 000	66, 499, 000
Refrigerators.....	465, 000	4, 533, 000
Office appliances.....	386, 000	2, 660, 000
Medicinals and pharmaceuticals.....	881, 000	11, 063, 000

Venezuela has virtually no restrictions against imports. United States trade enjoys the full benefit of the trade-agreement concessions.

APPENDIX D

HOW A TRADE AGREEMENT IS MADE

The decisions involved in making a trade agreement are made by the President, for it is to him that the authority to negotiate trade agreements within specified limits has been given by the Congress in the Trade Agreements Act of 1934. This act, which became law on June 12 of that year and has since been renewed nine times, empowers the President to conclude trade agreements with other countries. In return for reductions in their barriers against American goods, he may modify United States tariff treatment or other import restrictions on goods from abroad. Within the authority granted by Congress to the President, in addition to undertaking general obligations such as granting most-favored-nation treatment with regard to tariff matters, United States concessions may consist of (a) a reduction in the United States tariff rate, (b) binding of that rate, that is, an agreement not to increase the rate, or (c) a binding of the duty-free status of an item, that is, an agreement not to impose a duty on an article which is being admitted free of duty when the agreement is concluded.

In making decisions under the Trade Agreements Act, the President is required by law to seek information and advice from the Departments of State, Commerce, Agriculture, and Defense. In practice, he gets a broader range of advice for he has, by Executive order, set up an interdepartmental group called the Trade Agreements Committee, which includes not only the agencies that he is required by law to consult but also the Departments of Labor, Interior, and the Treasury, the Foreign Operations Administration, and a representative of the Tariff Commission.

The executive agency members on the Trade Agreements Committee are the official representatives of their agencies. Therefore, the recommendations of the Trade Agreements Committee reflect the considered position of all those agencies and the interests of the segments of the American economy for which those agencies have primary responsibility. If the Committee cannot reach unanimous agreement on recommendations, the disagreement goes to the President for resolution.

FIRST STEP—OBTAINING INFORMATION ON TRADE WITH COUNTRY X

Once the President has decided that trade negotiations should be undertaken with a particular country the Trade Agreements Committee appoints a subcommittee made up of officers of the different agencies which have members on the Trade Agreements Committee. They are experts on our trade with country X. This subcommittee then studies the statistics of this trade and picks out for possible tariff negotiation the products which we import from country X and for which country X is the principal supplier. The committee also chooses the items which country X imports and for which the United

States is the principal supplier. It may also include in the list of that country's imports some products in which our exporters have a particular interest, even though we may not be the principal supplier. The lists of products to be considered for tariff negotiation suggested by the subcommittee are submitted to the Trade Agreements Committee for consideration.

TRADE AGREEMENTS COMMITTEE MAKES RECOMMENDATIONS

When the Trade Agreements Committee has made any modifications it considers necessary in the lists suggested by the subcommittee it sends the list of United States import items to the President for his decision.

When the President has decided what products should be included on the list, it is published and a date is set for public hearings to obtain the views of all interested persons and groups as to whether concessions on any of the items should be made. These hearings are held by the Committee for Reciprocity Information, which is composed of the same agencies and the same individuals as the Trade Agreements Committee. Hearings are also held by the Tariff Commission in connection with its determinations of appropriate "peril points" for articles included in the list.

The notice that goes out with the list makes the following points clear:

1. That everyone who has an interest in the items on the list is invited to make known his views about whether a concession should be granted.
2. That the inclusion of a product in the list does not mean that any decision has been made as to whether a concession will or will not be granted.
3. That no concession will be granted on any product which is not contained in a public list.
4. That interested people are requested to give the Committee their opinions as to concessions which should be asked by the United States from the other countries with which it is negotiating, as well as their views about possible concessions in the United States tariff.
5. The time and place at which briefs must be filed and the time and place at which the hearings will be held.

INTERESTED PERSONS PRESENT VIEWS

A very considerable effort is made to see that this list and notice get the widest possible distribution. Both are published in the Federal Register, and the notice is published in the State Department Bulletin, Treasury Decisions, and Foreign Commerce Weekly. Copies are sent to every Member of Congress and in quantity to all the district offices of the Department of Commerce for dissemination to interested people. Over the course of the years, an extensive list of people who are interested in hearing about trade-agreement matters has been built up, and copies of the notice and the public list are sent to everyone on it. Moreover, many of the trade associations, trade journals, chambers of commerce, and so forth, frequently purchase quantities of the notice and list for distribution to their members. The list and notice are always made available to the press.

All individuals or groups who wish to express views about a product on the list are required to file a written memorandum in advance of the hearings. They may also appear at the public hearings and present supplemental information. Many people avail themselves of this opportunity. Unless the Committee on Reciprocity Information specifically accepts information on a confidential basis, the material contained in the briefs submitted to the Committee is public information.

Copies of the briefs are furnished to the members of the subcommittees developing country trade information, to the members of the Trade Agreements Committee, and to any other persons who may be involved in the conduct of the hearings. The briefs are first analyzed by the Government's experts on the particular product so that the officials who are to conduct the hearings have in advance the result of expert analysis of the brief and suggestions as to additional information to be elicited before or during the hearings.

After the hearing is concluded, the information elicited at the hearing, the information contained in the briefs, and the information in the Government files with respect to each product is then studied by a subcommittee. The subcommittee studies the data to ascertain whether a concession would be justified and, if so, what the nature of the concession should be. These studies are presented to the Trade Agreements Committee, which reviews them item by item and approves, modifies, or rejects them.

During the Committee for Reciprocity Information hearings the public is invited to submit suggestions for items on which we should request tariff concessions from country X. These suggestions and others made by the members of the subcommittees are also reviewed in detail by the Trade Agreements Committee.

HOW RECOMMENDATIONS ARE ARRIVED AT

The recommendation in each case is based upon a variety of factors. The Committee considers, for example, the relation of imports to domestic production. Are imports a large part of the amount consumed in the United States, or a small part? It considers what the trend has been on this point. Have imports been taking an increasing part of the domestic market, a smaller part, or has the relation between imports and domestic production remained substantially stable?

It considers whether the domestic industry is on an export basis. If, for example, the domestic industry has a large export business, this would be one indication that the industry might well be able to compete in third markets with the foreign product, and, therefore, a reduction in the tariff might be considered.

The Committee also takes into account such matters as whether the domestic industry is a large and diversified industry located in many places and producing a wide variety of products, or whether it is an industry concentrating on the particular product involved and located largely in one community. This has an important bearing, of course, upon the possible impact of imports on the domestic industry.

Since the law provides that no decrease in duty on an article shall be made if the President finds such reduction would threaten domestic production needed for projected national-defense requirement, the Committee must also consider the national security needs for particular products.

Then the Committee considers whether it would be desirable or possible to make a concession on only part of the tariff category that may be involved. For example, it might well be that a substantial reduction in the tariff on imports of a product above a certain value would not have any appreciable effect on the domestic industry, whereas a comparable reduction on lower value products might have a considerable impact.

The Committee may also take into consideration the advisability of making a limited reduction through the use of a tariff quota or other devices. For example, the Committee may consider that a reduced duty should apply to only a specified percentage of average United States production of the product. Or, to take another example, the Committee may consider that it would be desirable to reduce the duties but to reserve the right to increase the rates if imports exceed a certain percentage of United States production of similar products.

The Committee also considers the peril-point findings of the Tariff Commission. These peril points are the limits below which the United States duties and other import restrictions involved cannot be reduced without causing or threatening to cause serious injury to domestic industries, according to the judgment of the Tariff Commission. These peril-point findings by the Tariff Commission are required by law.

The Committee is also guided by President Eisenhower's acceptance of a recommendation of the Commission on Foreign Economic Policy that no tariff concessions will be granted by the United States on products made by workers receiving wages which are substandard in the exporting country.

All of these factors and others are taken into account in making a recommendation as to a concession on any particular product.

RECOMMENDATIONS GO TO THE PRESIDENT

The recommendations of the Committee are forwarded direct to the President for his approval. The President considers the recommendations, paying particular attention to cases in which the Committee recommends reduction of United States import restrictions below what the Tariff Commission considers the peril point.

The decision of the President constitutes an instruction to the United States negotiators. It authorizes them to make the concessions they recommend provided that they can get from the negotiating country the concessions which they have recommended the United States should ask.

ACTUAL BARGAINING BEGINS

The next stage is that of negotiation. The negotiation is conducted normally by a team consisting of representatives of the Department of State, the Tariff Commission, the Department of Commerce, and the Department of Agriculture. At other times, there may be a representative from the Department of the Treasury. Other agencies are represented by advisers when their interests are involved.

The offers and requests are presented to the country X negotiators, and the bargaining takes place around the table, usually for a considerable period of time.

The negotiating team makes the best bargain it can within its instructions and then reports to the Trade Agreements Committee.

In recent years during the extensive conferences at Geneva, Switzerland, in 1947, Annecy, France, in 1949, and Torquay, England, in 1950-51, the Trade Agreements Committee has gone to the site of the conference. Such reports can therefore be made personally by the negotiating team. In such report, the team indicates whether it believes an agreement is possible and, if necessary, makes recommendations to the committee as to whether any changes in the offers initially authorized or in the requests initially made would, in its opinion, be desirable. The Trade Agreements Committee considers the recommendations of the team, and, if it feels that any changes in the original position are desirable, recommends to the President what changes it thinks should be made.

Normally there are changes as a result of negotiation. If it develops that we are not able to get as much as we feel we should, then we pull back some of our offers. If we are able to get more than we expected but are asked for more in return, the committee considers whether the bargain would be worth while and whether it could be made without injury.

On the basis of this consideration the committee makes its recommendations to the President for the final decision. If he approves them, the negotiating team concludes the agreement on that basis. If any negotiation results in a concession on a United States tariff below the peril-point finding of the Tariff Commission the President is required by law to explain to the Congress the reasons for the action.

BARGAINING WITH SEVERAL COUNTRIES AT ONCE

From 1934 until 1947 the United States, under the Trade Agreements Act, concluded trade agreements through separate negotiations with each of various foreign countries. Tariff concessions in each agreement were based, of course, on the trade between the United States and the other country involved, although, under the traditional most-favored-nation policy of the United States, the concessions granted in any agreement applied to the products of all other countries as well. The "general provisions" of the agreements—relating to general trade treatment and designed to safeguard the tariff concessions themselves—differed in some cases, although they were considerably standardized.

At Geneva in 1947, the United States and 22 other countries negotiated tariff concessions simultaneously and agreed to one set of general provisions—those in the General Agreement on Tariffs and Trade concluded then. At Annecy, France, in 1949, and at Torquay, England, in 1951, these countries and several additional countries exchanged further concessions on import restrictions. There are now 34 countries which are parties to the General Agreement on Tariffs and Trade.

Notwithstanding the number of countries engaged in the negotiations, the same country-with-country bargaining procedure is followed in exchanging tariff concessions. The result is that the number of such two-country negotiations has run into the hundreds. When all

have been completed, all the concessions resulting from the separate negotiations are examined and approved by all the participating countries and then integrated into the one agreement.

The foregoing paragraphs describe in detail the successive steps followed in considering and reaching decisions on each tariff concession which the United States may ask or offer in the course of making a trade agreement. Only after all these stages have been passed does the President make effective, by proclamation, the modifications in United States tariffs which the United States Government makes in return for corresponding trade-barrier reductions granted by foreign countries and designed to widen markets for United States products.



Union Calendar No. 16

84TH CONGRESS
1ST SESSION

H. R. 1

[Report No. 50]

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1955

Mr. COOPER introduced the following bill; which was referred to the Committee on Ways and Means

FEBRUARY 14, 1955

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Trade Agreements Ex-
4 tension Act of 1955".

5 SEC. 2. The period during which the President is au-
6 thorized to enter into foreign trade agreements under sec-
7 tion 350 of the Tariff Act of 1930, as amended (19 U. S. C.,

1 sec. 1351), is hereby extended from June 12, 1955, until
2 the close of June 30, 1958.

3 SEC. 3. (a) Subsection (a) of section 350 of the Tariff
4 Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is
5 hereby amended to read as follows:

6 “(a) (1) For the purpose of expanding foreign markets
7 for the products of the United States (as a means of assist-
8 ing in establishing and maintaining a better relationship
9 among various branches of American agriculture, industry,
10 mining, and commerce) by regulating the admission of
11 foreign goods into the United States in accordance with the
12 characteristics and needs of various branches of American
13 production so that foreign markets will be made available
14 to those branches of American production which require and
15 are capable of developing such outlets by affording corre-
16 sponding market opportunities for foreign products in the
17 United States, the President, whenever he finds as a fact
18 that any existing duties or other import restrictions of the
19 United States or any foreign country are unduly burdening
20 and restricting the foreign trade of the United States and
21 that the purpose above declared will be promoted by the
22 means hereinafter specified, is authorized from time to time—

23 “(A) To enter into foreign trade agreements with
24 foreign governments or instrumentalities thereof con-
25 taining provisions with respect to international trade,

1 including provisions relating to tariffs, to most-favored-
2 nation standards and other standards of nondiscrimina-
3 tory treatment affecting such trade, to quantitative im-
4 port and export restrictions, to customs formalities, and
5 to other matters relating to such trade designed to
6 promote the purpose of this section similar to any of
7 the foregoing: *Provided, That, except as authorized by*
8 ~~subparagraph (B) of this paragraph, That~~ no such pro-
9 vision shall be given effect in the United States in a
10 manner inconsistent with existing legislation of the
11 United States: *Provided further, That the enactment*
12 *of the Trade Agreements Extension Act of 1955 shall*
13 *not be construed to determine or indicate the approval*
14 *or disapproval by the Congress of organizational pro-*
15 *visions of any foreign trade agreement entered into under*
16 *this section.*

17 “(B) To proclaim such modifications of existing
18 duties and other import restrictions, or such additional
19 import restrictions, or such continuance, and for such
20 minimum periods, of existing customs or excise treat-
21 ment of any article covered by foreign trade agreements,
22 as are required or appropriate to carry out any foreign
23 trade agreement that the President has entered into
24 hereunder.

1 “(2) No proclamation pursuant to paragraph (1)
2 (B) of this subsection shall be made—

3 “(A) Increasing by more than 50 per centum any
4 rate of duty existing on January 1, 1945.

5 “(B) Transferring any article between the dutiable
6 and free lists.

7 “(C) In order to carry out a foreign trade agree-
8 ment entered into by the President before June 12,
9 1955, decreasing by more than 50 per centum any rate
10 of duty existing on January 1, 1945.

11 “(D) In order to carry out a foreign trade agree-
12 ment entered into by the President on or after June
13 12, 1955, decreasing (except as provided in subpara-
14 graph (E) of this paragraph) any rate of duty below
15 the lowest of the following rates:

16 “(i) The rate 15 per centum below the rate
17 existing on July 1, 1955.

18 “(ii) In the case of any article which the
19 President determines, at the time the foreign trade
20 agreement is entered into, is ~~not being~~ *normally not*
21 imported into the United States or is ~~being~~ *normally*
22 imported into the United States in negligible quan-
23 tities, the rate 50 per centum below the rate existing
24 on January 1, 1945. *This clause shall not apply*
25 *with respect to any article unless it is identified in*

1 *the list required by section 3 (a) of the Trade*
2 *Agreements Extension Act of 1951, as amended*
3 *(19 U. S. C., sec. 1360 (a)), for possible consider-*
4 *ation as an article which is normally not imported*
5 *into the United States or is normally imported into*
6 *the United States in negligible quantities.*

7 “(iii) In the case of any article subject to an
8 ad valorem rate of duty above 50 per centum (or
9 a combination of ad valorem rates aggregating
10 more than 50 per centum), the rate 50 per centum
11 ad valorem (or a combination of ad valorem rates
12 aggregating 50 per centum). In the case of any
13 article subject to a specific rate of duty (or a com-
14 bination of rates including a specific rate) the ad
15 valorem equivalent of which has been determined
16 by the President to have been above 50 per centum
17 during a period determined by the President to be a
18 representative period, the rate 50 per centum ad
19 valorem or the rate (or a combination of rates),
20 however stated, the ad valorem equivalent of which
21 the President determines would have been 50 per
22 centum during such period. The standards of valua-
23 tion contained in section 402 of this Act (as in
24 effect during the representative period) shall be
25 utilized by the President, to the maximum extent

1 he finds such utilization practicable, in making the
2 determinations under the preceding sentence.

3 “(E) In order to carry out a foreign trade agree-
4 ment entered into by the President on or after June
5 12, 1955, to which the Government of Japan is a party
6 and with respect to which notice of intention to nego-
7 tiate was published on November 16, 1954 (19 F. R.
8 7379), if the President determines that such decrease
9 is necessary in order to provide expanding export mar-
10 kets for products of Japan (including such markets in
11 third countries), decreasing by more than 50 per centum
12 any rate of duty existing on January 1, 1945.

13 “(3) (A) Subject to the provisions of subparagraphs
14 (B) and (C) of this paragraph, the provisions of any proc-
15 lamation made under paragraph (1) (B) of this subsection,
16 and the provisions of any proclamation of suspension under
17 paragraph (5) of this subsection, shall be in effect from
18 and after such time as is specified in the proclamation.

19 “(B) In the case of any decrease in duty to which
20 paragraph (2) (D) of this subsection applies—

21 “(i) if the total amount of the decrease under the
22 foreign trade agreement does not exceed 15 per centum
23 of the rate existing on July 1, 1955, the amount of
24 decrease becoming initially effective at one time shall

1 not exceed 5 per centum of the rate existing on July 1,
2 1955;

3 “(ii) except as provided in clause (i), not more
4 than one-third of the total amount of the decrease under
5 the foreign trade agreement shall become initially effec-
6 tive at one time; and

7 “(iii) no part of the decrease after the first part
8 shall become initially effective until the immediately
9 previous part shall have been in effect for a period or
10 periods aggregating not less than one year.

11 “(C) No part of any decrease in duty to which the
12 alternative specified in paragraph (2) (D) (i) of this sub-
13 section applies shall become initially effective after the expi-
14 ration of the three-year period which begins on July 1, 1955.
15 If any part of such decrease has become effective, then for
16 purposes of this subparagraph any time thereafter during
17 which such part of the decrease is not in effect by reason
18 of legislation of the United States or action thereunder shall
19 be excluded in determining when the three-year period
20 expires.

21 “(D) If the President determines that such action will
22 simplify the computation of the amount of duty imposed
23 with respect to an article, he may exceed any limitation
24 specified in paragraph (2) (D) or (E) of this subsection

1 or subparagraph (B) of this paragraph by not more than
2 whichever of the following is lesser:

3 “(i) The difference between the limitation and the
4 next lower whole number, or

5 “(ii) One-half of 1 per centum ad valorem.

6 In the case of a specific rate (or of a combination of rates
7 which includes a specific rate), the one-half of 1 per
8 centum specified in clause (ii) of the preceding sentence
9 shall be determined in the same manner as the ad valorem
10 effect of rates not stated wholly in ad valorem terms is
11 determined for the purposes of paragraph (2) (D) (iii)
12 of this subsection.

13 “(4) In exercising his authority under this section, the
14 President shall avoid, to the maximum extent he deems
15 practicable and consistent with the purpose of this section,
16 the subdivision of classification categories.

17 “(5) Subject to the provisions of section 5 of the Trade
18 Agreements Extension Act of 1951 (19 U. S. C., sec.
19 1362), duties and other import restrictions proclaimed pur-
20 suant to this section shall apply to articles the growth, prod-
21 uce, or manufacture of all foreign countries, whether im-
22 ported directly or indirectly: *Provided*, That the President
23 ~~may~~ *shall, as soon as practicable*, suspend the application to
24 articles the growth, produce, or manufacture of any country
25 because of its discriminatory treatment of American com-

1 merce or because of other acts (including the operations of
2 international cartels) or policies which in his opinion tend to
3 defeat the purpose of this section.

4 “(6) The President may at any time terminate, in
5 whole or in part, any proclamation made pursuant to this
6 section.”

7 (b) The last sentence of section 350 (b) of the Tariff
8 Act of 1930, as amended (19 U. S. C., sec. 1351 (b)), is
9 hereby amended to read as follows: “No rate of duty on
10 products of Cuba shall be decreased—

11 “(1) In order to carry out a foreign trade agree-
12 ment entered into by the President before June 12,
13 1955, by more than 50 per centum of the rate of duty
14 existing on January 1, 1945, with respect to products of
15 Cuba.

16 “(2) In order to carry out a foreign trade agree-
17 ment entered into by the President on or after June 12,
18 1955, below the applicable alternative specified in sub-
19 section (a) (2) (D) or (E) (subject to the provisions
20 of subsection (a) (3) (B), (C), and (D)), each such
21 alternative to be read for the purposes of this paragraph
22 as relating to the rate of duty applicable to products of
23 Cuba. With respect to products of Cuba, the limitation
24 of subsection (a) (2) (D) (iii) may be exceeded to
25 such extent as may be required to maintain an abso-

1 lute margin of preference to which such products are
2 entitled.”

3 (c) Subsection (c) of section 350 of the Tariff Act
4 of 1930, as amended (19 U. S. C., sec. 1351 (c)), is
5 hereby amended by inserting “(1)” after “(c)”, by striking
6 out “(1)” and inserting in lieu thereof “(A)”, by striking
7 out “(2)” and inserting in lieu thereof “(B)”, and by
8 adding at the end thereof the following new paragraph:

9 “(2) For purposes of this section—

10 “(A) Except as provided in subsection (d)
11 and subparagraph (C) of this paragraph, the terms
12 ‘existing on January 1, 1945’ and ‘existing on July
13 1, 1955’ refer to rates of duty (however established,
14 and even though temporarily suspended by Act of
15 Congress or otherwise) existing on the date speci-
16 fied, except rates in effect by reason of action taken
17 pursuant to section 5 of the Trade Agreements
18 Extension Act of 1951 (19 U. S. C., sec. 1362).

19 “(B) The term ‘existing’ without the specifica-
20 tion of any date, when used with respect to any
21 matter relating to the conclusion of, or proclamation
22 to carry out, a foreign trade agreement, means
23 existing on the day on which that trade agreement
24 is entered into.

25 “(C) In applying paragraphs (2) (D) (i)

1 and (3) (B) (i) of subsection (a), the rate of
2 duty on an article included in a foreign trade agree-
3 ment with respect to which notice of intention *to*
4 *negotiate* was published on November 16, 1954 (19
5 F. R. 7379), if such agreement is entered into be-
6 fore July 1, 1955, shall be considered to be the rate
7 ‘existing on July 1, 1955’.”

8 (d) Section 350 of the Tariff Act of 1930, as amended
9 (19 U. S. C., sec. 1351), is hereby amended by adding at
10 the end thereof the following new subsection:

11 “(e) The President shall submit to the Congress an
12 annual report on the operation of the trade agreements pro-
13 gram, including information regarding new negotiations,
14 modifications made in duties and import restrictions of the
15 United States, reciprocal concessions obtained, modifica-
16 tions of existing trade agreements in order to effectuate more
17 fully the purposes of the trade agreements legislation (in-
18 cluding the incorporation therein of escape clauses), and
19 other information relating to that program and to the
20 agreements entered into thereunder.”

21 SEC. 4. Subsection (b) of section 6 of the Trade Agree-
22 ments Extension Act of 1951, as amended (19 U. S. C.,
23 sec. 1363 (b)), is hereby amended by striking out the
24 second sentence thereof.

25 ~~SEC. 5. (a) In the case of any article which the Presi-~~

1 dent determines is not being imported into the United States
2 or is being imported into the United States in negligible
3 quantities, the President is authorized to decrease by procla-
4 mation the rate of duty by not more than 50 per centum of
5 the rate existing on January 1, 1945. The President may
6 take action under this subsection, notwithstanding that such
7 action is not required or appropriate to carry out any foreign
8 trade agreement, if he finds as a fact that the purpose of
9 section 350 of the Tariff Act of 1930, as amended, will be
10 promoted thereby.

11 (b) The President shall take action under subsection
12 (a) in conformity with the applicable statutory provisions
13 relating to the entering into and proclamation of foreign
14 trade agreements (such as public notice, public hearings,
15 "peril points", limitations on amounts and timing of de-
16 creases, and other applicable provisions). The applicable
17 statutory provisions relating to the carrying out, modifica-
18 tion, suspension, and termination of foreign trade agree-
19 ments and proclamations made pursuant thereto shall apply
20 to proclamations made pursuant to subsection (a); and to
21 decreases in rates provided for therein, as though such proc-
22 lamations had been made to carry out foreign trade agree-
23 ments and as though the decreases reflected concessions
24 granted under such agreements. Appropriate procedures for
25 carrying out this section shall be established by the Presi-

1 dent on the basis of his determination as to the details of the
2 statutory provisions which are applicable.

3 ~~(c)~~ For purposes of this section, the term "existing
4 on January 1, 1945" shall have the meaning given to such
5 term by section 350 of the Tariff Act of 1930, as amended.

6 ~~(d)~~ No proclamation shall be made pursuant to sub-
7 section ~~(a)~~ of this section after June 30, 1958.

[Report No. 50]

A BILL

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

By Mr. COOPER

JANUARY 5, 1955

Referred to the Committee on Ways and Means

FEBRUARY 14, 1955

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued February 16, 1955

For actions of February 15, 1955

84th-1st, No. 27

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House committee ordered reported bill to repeal revolving fund for surplus commodities in occupied areas. House subcommittee voted to report bill on donation of surplus property to States for education, etc. House Rules Committee cleared trade agreements extension bill. Senate received from USDA proposed bills to restore import-control authority in Virgin Islands, permit ACP payments on Federal noncropland, and to amend Crop Insurance Act. Senate received Hoover Commission personnel report.

SENATE

1. SOIL CONSERVATION. Received from this Department a proposed bill to amend Sec. 8 (e) of the Soil Conservation and Domestic Allotment Act so that persons carrying out conservation practices on Federally owned noncropland would be eligible to receive ACP cost-sharing assistance for such practices, if the practices directly conserve or benefit nearby or adjoining privately owned lands of such persons who use and maintain such Federal land under agreement with the Federal agency; to Agriculture and Forestry Committee (p. 1300).
2. VIRGIN ISLANDS. Received from this Department a proposed bill to amend Sec. 6 of the act of Aug. 30, 1890, and Sec. 2 of the act of Feb. 2, 1903, as amended by the revised Virgin Islands Organic Act of 1954, so as to restore, on a modified basis, the Department's cattle-poultry inspection authority on imports into the Virgin Islands; to Agriculture and Forestry Committee (p. 1300).
3. CROP INSURANCE. Received from this Department a proposed bill to amend the Federal Crop Insurance Act so as to provide that the direct cost of loss adjusters for crop inspection and loss adjustments may be considered as non-administrative or non-operating expense and that administrative and operating expenses in excess of appropriated funds may be paid from premium income; to Agriculture and Forestry Committee (p. 1300).

4. PERSONNEL. Received from the Commission on Organization of the Executive Branch of the Government (Hoover Commission) a report on personnel and civil service pursuant to Public Law 108, 83rd Congress; and the Commission's task force report on personnel and civil service; to Post Office and Civil Service Committee (p. 1299).
5. GRAZING LANDS. Received from the Interior Department a proposed bill to extend to grazing lessees the right of compensation for losses sustained by reason of the use of public domain or other property for war or national defense purposes; to Interior and Insular Affairs Committee (p. 1300).
6. WATER RESOURCES. Received from the Interior Department a proposed bill to authorize that Department to investigate and report to Congress on projects for the conservation, development, and utilization of Alaskan water resources; to Interior and Insular Affairs Committee (p. 1300).
7. MINERALS; LANDS. Received from the Interior Department a proposed bill to amend the Mineral Leasing Act for acquired lands with respect to disposal of mineral deposits in which the U. S. owns a partial or future interest; to Interior and Insular Affairs Committee (p. 1300).
8. RUBBER; EDUCATION. Received the Federal Facilities Corporation's report of its expenditures for repairs, replacements, etc., on the Government-owned rubber-producing facilities during the last half of 1954; and from HEW the annual report of the Commissioner of Education for the fiscal year ending June 30, 1954 (p. 1300).
9. TREATIES; PROPERTY; SUGAR; RECLAMATION. Received various State Legislature resolutions, etc., favoring restricting the President's treaty power; urging Congress to compensate S. C. counties "which have lost considerable revenue" because of Federal acquisition of property therein; requesting that the Sugar Act of 1948 be continued and the domestic beet sugar quota be increased; and urging early authorization of the Canton irrigation project's (Okla.) distribution system (pp. 1300-2).
10. HOG CHOLERA RESEARCH. Sen. Thye inserted a Minn. State Veterinary Medical Society resolution favoring rehabilitation and expansion of the Federal Hog Cholera Experiment Station near Ames, Iowa (p. 1303).
11. FOREIGN ECONOMIC POLICY. Sen. Bush inserted the transcript of a television broadcast in which he and Mr. Clarence Randall discussed the President's foreign economic policy, including some of its effects on American business (pp. 1318-9).
12. ADJOURNED until Fri., Feb. 18 (p. 1324).

HOUSE

13. TRADE AGREEMENTS. The Rules Committee reported a resolution providing for the consideration (with not to exceed 2 days of general debate) of H. R. 1, to extend until June 30, 1958, the President's authority to enter into trade agreements, etc. (p. D101).

CONSIDERATION OF H. R. 1

FEBRUARY 15, 1955.—Referred to the House Calendar and ordered to be printed

MR. SMITH of Virginia, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 142]

The Committee on Rules, having had under consideration House Resolution 142, report the same to the House with the recommendation that the resolution do pass.



House Calendar No. 12

84TH CONGRESS
1ST SESSION

H. RES. 142

[Report No. 52]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 1955

Mr. SMITH of Virginia, from the Committee on Rules, reported the following resolution; which was referred to the House calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the State of the
4 Union for the consideration of the bill (H. R. 1) to extend
5 the authority of the President to enter into trade agree-
6 ments under section 350 of the Tariff Act of 1930, as
7 amended, and for other purposes. After general debate,
8 which shall be confined to the bill and shall continue not
9 to exceed two days, to be equally divided and controlled
10 by the chairman and ranking minority member of the Com-
11 mittee on Ways and Means, the bill shall be considered
12 as having been read for amendment. No amendment shall

1 be in order to said bill except amendments offered by direc-
2 tion of the Committee on Ways and Means, but said amend-
3 ments shall not be subject to amendment. At the conclu-
4 sion of such consideration, the Committee shall rise and
5 report the bill to the House with such amendments as may
6 have been adopted, and the previous question shall be con-
7 sidered as ordered on the bill and amendments thereto to
8 final passage without intervening motion, except one motion
9 to recommit.

RESOLUTION

Providing for the consideration of H. R. 1, a bill to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

By Mr. SMITH of Virginia

FEBRUARY 15, 1955

Referred to the House Calendar and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued February 18, 1955
For actions of February 17, 1955
84th-1st, No. 29

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HIGHLIGHTS: House debated trade agreements bill. House Rules Committee cleared cotton allotments increase bill.

HOUSE

1. COTTON ALLOTMENTS. The House Rules Committee reported a resolution providing for the consideration of H. R. 3952, to amend the Agricultural Adjustment Act of 1938 so as to increase cotton acreage allotments (p. D109). As reported (see Digest 28), the bill provides a 3-percent increase in the acreage allotment of each cotton State, which increases the national cotton acreage allotment by 543,234 acres to 18,656,442.

Following is an excerpt from the committee report on this bill:

"This bill provides:

"1. A 3-percent increase in the acreage allotment of each cotton State, thereby adding 543,234 acres across the country and giving new total acreage of 18,656,442.

"2. The additional acreage shall be used--

"First, for apportionment directly to farms to provide, so far as possible with the additional acreage allotted to each State, each farm a minimum allotment of the smaller of (a) 5 acres, or (b) the highest number of acres planted to cotton on the farm in 1952, 1953, or 1954. If the additional acreage is not sufficient to meet the total of farm increases so computed, each farm increase within the State shall be reduced by the same percentage that the additional acreage in such State falls short of the total needed to assure each farm in the State of an allotment of 5 acres or the highest acreage planted in any 1 of the last 3 years.

"Second, if the additional acreage available to a State is in excess of the small farm increases so computed, this excess shall be factored to the counties under the same provisions of law as are now applicable to the State's existing allotment. This acreage shall be used by each county to alleviate hardships by apportionment to farms on which the 1955 allotments are less than 60 percent of the acres legally planted or considered as planted to cotton on the farm in 1954. If such additional acreage is insufficient to provide each farm within the county an allotment equal to 60 percent of 1954 plantings, each farm increase will be reduced by the percentage that the additional acreage of such county falls short of the required total.

"Third, if any acreage remains beyond the requirements for small farms and farms which received allotments below 60 percent of the farm's 1954 planting, this excess will go into the county reserve to be distributed by the county committee as now provided by law.

"It is the intention of the committee that the States reserving a portion of the additional acreage as authorized in section 344 (e), should use this acreage specifically for relief of hardships caused by drought; to correct errors in county acreage data in which differences exist between acreage reported by farmers and the adjusted acreage computed by the Agricultural Marketing Service; and in Arizona to relieve hardships among new growers.

The firm position of the committee is that no portion of the additional acreage should be used for trends."

2. TRADE AGREEMENTS. Began debate on H. R. 1, the trade agreements bill, after agreeing, 193 to 192, to a resolution restricting general debate on the bill to not to exceed 2 days and prohibiting amendments thereto except amendments offered by direction of the Ways and Means Committee (pp. 1401-32)

The bill continues until June 30, 1958, the President's authority to enter into trade agreements. It authorizes him to negotiate tariff reductions by any 1 of the following 3 alternative methods (which may not be used cumulatively): Reduce by a total of 15 percent tariff rates existing on July 1, 1955, in stages of not more than 5 percent in each of the 3 years of the authority; reduce tariffs by 50 percent of the rate prevailing on Jan. 1, 1945, but only in the case of those products normally not imported or normally imported in negligible quantities; or negotiate reductions in those rates which are higher than 50 percent of the value of an import to a rate equivalent to 50 percent. The bill authorizes the same decreases in rates of duty (50 percent of the rate existing on Jan. 1, 1945) as are authorized under existing law, in the case of the announced trade agreement involving Japan, even if the agreement is entered into after June 12, 1955; subjects the above reduction authority to the peril-point and escape-clause procedures as contained in present law; requires the President to avoid to the maximum extent he deems practicable the subdivision of existing tariff classification categories to prevent undue complication of the present tariff structure; makes it clear that provisions of existing law (such as Sec. 22 of the Agricultural Adjustment Act of 1933, hoof-and-mouth disease quarantine laws, and Sec. 8 (e) of the Agricultural Marketing Agreement Act) will prevail despite any provision in a trade agreement and that enactment of this bill will not imply congressional approval or disapproval of the organizational provisions of GATT; and requires him to submit an annual report to Congress on the trade agreements program.

The committee report states:

"There is probably no segment of our economy that has a greater stake in foreign trade than agriculture. It has been estimated that annual exports of agricultural commodities represent the production of from 50 to 60 million cultivated acres. This is an area equivalent to the combined cultivated land

of Mississippi, Tennessee, Louisiana, Kentucky, Alabama, Florida, Georgia, North Carolina, South Carolina and Virginia. Putting it another way, our agricultural exports provide a market for the produce of one out of each 10 acres of cropland. In 1951, when our agricultural exports ran to \$4 billion, this was the equivalent of 1 out of each 18 in cash farm receipts in the United States.

"The importance of agricultural exports to agriculture is further stressed in the... testimony of major farm organizations.... In 1953, of our total production we exported 45 percent of our rice, 26 percent of our tobacco, 24 percent of our cotton, 21 percent of our soybeans and products, 19 percent of our wheat and flour, 18 percent of our lard, 17 percent of our barley, 6 percent of our raisins, and about 5 percent of our pears and apples. It can be seen from these statistics that we export about one-fourth of our total production of some major agricultural commodities.

"Since 1951, our agricultural exports have been falling off. Any time there is a falling off in our exports of agricultural commodities, there follows lower prices, increased surplus problems, and there may follow acreage restrictions and marketing controls. In many cases, cropland is diverted from production for export to production of other commodities for domestic consumption. This means that even those agricultural commodities that are not exported can be directly affected as a result of a reduction in exports.

"One of the most important answers to the problem of our agricultural surpluses is an expanded foreign market. Under the trade-agreements program, concessions have been obtained for almost every agricultural product customarily exported from the United States in any significant amounts. It is the committee's belief that enactment of this bill will further expand the foreign markets for agricultural products, which expansion is urgently needed by American farmers, and it is our hope that the authority granted the President under this bill will be utilized insofar as practicable to accomplish this result."

3. COTTON; TEXTILES. Rep. Deane inserted and discussed the results of his study on the status of the domestic cotton textile industry and raw cotton exports and said, "Thus far in the cotton year only the United States and Mexico are ahead of the export level of a year ago" (p. 1401).

4. SUGAR. Received a Colo. Legislature memorial favoring "revision of the Sugar Act of 1948 in regard to sugar quotas established for domestic sugar-beet production" (p. 1434).

5. SURPLUS COMMODITIES. In its letter to Congress, the Army Department explained H. R. 2123, which was reported Feb. 16, as follows:

"The basic objective of Public Law 820, 80th Congress, commonly called the Natural Fibers Revolving Fund Authority, was to assist in the industrial rehabilitation and economic recovery of occupied areas.... Public Law 820, 80th Congress, provided for a revolving fund for the purchase within the United States of vitally needed agricultural commodities and raw materials to be processed in occupied areas and sold. Proceeds from the sale of products of commodities purchased with money from the fund were utilized to repay, with interest, outlays from the fund. Japan was the only area to take advantage of the provisions of this act and did not make any purchases with money from this fund after January 1950. In view of the ratification and confirmation of a treaty of peace with Japan, and no anticipated requirement for utilization of money from this fund by the remaining occupied areas as defined by the act, no further need seems to exist for the fund as created by authority of Public Law 820, 80th Congress."

Received a petition from Bernard Gelles & Co., "regarding denial of equality in compliance with Public Law 480" (p. 1434).

6. TEXTILES. Rep. Canfield stated that the "textile industry is sick and foreign imports are contributing to that sickness" (p. 1400).

ITEMS IN APPENDIX

7. FORESTRY. Rep. Gain inserted a report on the Forest Service and its accomplishments (pp. A995-7).
8. SURPLUS PROPERTY. Rep. Lane inserted Robert F. Nolan's (Mass. State Agency for Surplus Property) statement favoring the enactment of H. R. 3322, to use Government surplus property for educational and public-health purposes (pp. A998-9).
9. TRADE AGREEMENTS. Extension of remarks of Rep. Seely-Brown, including correspondence exchanged between him and Joseph E. Talbot (U. S. Tariff Commission) concerning the lowest tariff rates on commodities produced in eastern Connecticut which would be permissible upon the enactment of H. R. 1 (pp. A999-1001).
Extension of remarks of Rep. Knutson favoring the trade agreements extension bill without "crippling amendments," and stating this is "of vast importance to the American farmer and to the industrial worker whose well-being is dependent upon the health of the agricultural economy" (pp. 1001-2).
10. FARM PRODUCTION. Rep. Alger inserted and commended Rep. Martin's recent Dallas address concerning Texas progress and the accomplishments of the present Administration, and stating "Texas farm marketings are at a new high; Texas agriculture is now the most diversified in the history of the State" (pp. A1006-8).
11. RECLAMATION. Extension of remarks of Rep. Engle commending the Irrigation and Reclamation Subcommittee's "comprehensive history of irrigation and reclamation in the West and development of present reclamation policy," and including two articles on this subject (p. 1009).
12. ELECTRIFICATION; WATER UTILIZATION. Extension of remarks of Rep. Udall commencing an editorial, "Arizona and the TVA," stating that just as it took Federal financing and authority for the Salt River Valley Project "so will it with other projects of which the TVA is another good example" (pp. A1010-1).
13. PERSONNEL. Rep. Multer inserted Harlan Cleveland's (executive editor of the Reporter) address, "Security Risks and the Risks to Freedom," stating that "over at the Department of Agriculture, a veteran farm attache was thrown out" (pp. A1012-4).
Extension of remarks of Rep. Dingell commending an editorial, "Ike's Team Is Showing Lack of Skull Practice," which includes comments on the dismissal of Wolf Ladejinsky by USDA and rehiring by FOA (pp. A1020-1).
14. PRICE SUPPORTS; SURPLUS COMMODITIES. Rep. Miller, Md., inserted and commended Sen. Beall's address praising the accomplishments and recommendations of the present Administration, including those concerning flexible farm price supports, surplus commodities disposal, alleviation of low-income farm families' problems, etc. (pp. A1017-8).

In conclusion, I appeal to every Member of this House to think, to think hard and accurately, and oppose the granting of powers here in this legislation which will permit our great basic industries and our high standard of living, and our way of economic life to be bargained away by international politics and politicians, using the subterfuge and the propaganda that to do so we will provide the big brother aid to the economic systems of foreign nations. A study of these systems, if you care to make them, will disclose that such a sacrifice on the part of America cannot result in a lifting up of the standard of living and life in these countries. All it can possibly do is make rich men in those countries richer and result in throwing millions of Americans out of their jobs and in the end forcing a fundamental change in our way of life, a change which will plunge us head on into socialism.

Oh, I appeal to you, my fellow Members, think, think tonight, think long and hard, for this is important legislation for your country and mine.

CHINA

(Mr. FLOOD asked and was given permission to address the House for 1 minute.)

Mr. FLOOD. Mr. Speaker, I am advised that there are nearly 400,000 barbers, beauticians, and manicurists in the United States and many schools and colleges exist to train these workers, but I cannot find out how many schools, colleges and universities, or any other source of instruction teach the Chinese language to Americans at a time when we are evincing great interest in China. China is the world's most populous nation and we apparently are under the impression that we should have nothing to do with anything Chinese. I cannot imagine a more ridiculous point of view, and if there ever was a time when the educational institutions and other sources of information should develop an interest in and teach the Chinese language outside of the Armed Forces, but particularly to the men in the armed services, this is the time.

DOMESTIC COTTON TEXTILE INDUSTRY

(Mr. DEANE asked and was given permission to address the House for 1 minute.)

Mr. DEANE. Mr. Speaker, in the light of today's discussion by the House of H. R. 1, the Trade Agreements Extension Act, much comment is coming from the textile industry on the effect of this bill upon that segment of our national economy. Likewise, cotton farmers are interested in the outcome of this bill and in increasing the export of raw cotton from this country. It is indeed true that unless we can find overseas markets for the cotton we grow which is surplus to our domestic needs, the price of cotton will continue depressed and will affect textile manufacturing.

During recent weeks, I have been conducting research into the status of our cotton textile industry and into our cot-

ton exports, and I believe, Mr. Speaker, that the results of my study of these two matters will prove of some benefit to the Members of this House as we take up H. R. 1 for consideration today.

STATUS OF DOMESTIC COTTON TEXTILE INDUSTRY

Looked at as a whole, our domestic cotton textile industry is generally strong. Its total production of cotton cloth in 1953 was 10.2 billion yards; production in the first 9 months of 1954 was at an annual rate of 9.7 billion yards. Imports in 1953 totaled 62 million yards, little more than one-half of 1 percent of United States production; imports in the first half of 1954 were at an annual rate of 59 million yards, about the same proportion to production as in 1953. While exports have declined from their post-war peak, they totaled 621 million yards in 1953, 10 times as large as imports. Exports during the first 9 months of 1954 were at an annual rate of 597 million yards, also about 10 times as large as estimated imports.

While raw cotton consumption dropped from the peak of 10.5 million bales in the 1950-51 cotton year—August 1 to July 31—to 8.6 million bales in 1953-54, the Department of Agriculture expects domestic consumption to reach 9 million bales during the present cotton year.

The changes in levels of cotton consumption and textile production in the United States undoubtedly reflect the operational adjustments being made by the cotton textile industry—like many other industries—resulting from the expansion brought about by World War II and the Korean hostilities. Nevertheless production in 1953 was within 1 or 2 percent of its output in 1943 when more than half of the year's production of cotton textiles was utilized for war purposes.

RAW COTTON

Raw cotton exports by the United States are expected to reach 4.5 million bales during the current cotton year. This compares with a postwar peak of 5.8 million bales in 1949-50 and a low of 3 million bales in 1952-53. About 500,000 bales of the 4.5 million bales are expected to be sold abroad for local currencies under title I of Public Law 480, 83d Congress.

Thus far in the cotton year only the United States and Mexico are ahead of the export level of a year ago. All other major cotton-producing countries are believed to be behind their 1953-54 rate of exports.

THE LATE HONORABLE PETE JARMAN

(Mr. SELDEN asked and was given permission to address the House for 1 minute.)

Mr. SELDEN. Mr. Speaker, it is with deep regret that I must announce to the Members of the House of Representatives the death this morning of Hon. Pete Jarman, a former Member of the House from the State of Alabama, and former Ambassador to Australia. Mr. Jarman served with distinction the district which I now have the honor to represent from 1936 to 1948. In 1949, he was appointed Ambassador to Australia and diligently performed the

duties of that office through 1953. With his passing today, Alabama and the Nation have lost an outstanding leader and statesman.

(Mrs. FRANCES P. BOLTON asked and was given permission to extend her remarks at this point.)

Mrs. FRANCES P. BOLTON. Mr. Speaker, it was indeed a shock to learn that our former colleague, the distinguished gentleman from Alabama, the Honorable Pete Jarman, has died quite suddenly and unexpectedly.

Death comes to us all sooner or later—but somehow a man of Pete's geniality, his friendliness, his humor, seems such a part of active living that one finds it difficult to accept the fact that he has gone from among us. My heart goes out to his delightful wife who has companioned him down the years—may strength and courage be given her in her devastation.

My association with Pete Jarman in and out of the Committee on Foreign Affairs was a most delightful one. We sat on opposite sides of the committee table; but one of the privileges of service on this great committee is lack of party thinking, and the never-failing determination to work for just one thing: the best interests of our Republic.

When Congressman Jarman became Ambassador Jarman he went to Australia with the blessing and the good wishes of the committee on which he had served so well. Those same good wishes go with him as he starts on the road one cannot see. May the Infinite welcome him as he moves out into the larger life.

(Mr. HOFFMAN of Michigan asked and was given permission to extend his remarks at this point.)

[Mr. HOFFMAN of Michigan's remarks will appear hereafter in the Appendix.]

PERSONAL ANNOUNCEMENT

(Mr. JOHNSON of California (at the request of Mr. MARTIN) asked and was given permission to extend his remarks at this point.)

Mr. JOHNSON of California. Mr. Speaker, long before H. R. 1 was placed on the calendar for consideration by the House I had made a very important engagement for February 18, 1955, which will take me out of Washington and which I feel I cannot break.

Unfortunately that will make it impossible for me to be present if a vote is taken on the bill on that date, which seems likely now.

However, I have obtained a live pair so the outcome of the vote will not be changed by my absence. I would, if present, vote "no" on the bill and "aye" on a motion to recommit, if one is offered. If the bill is recommitted with instructions I would vote for the final passage of the bill.

TRADE EXTENSIONS AGREEMENT ACT OF 1955

Mr. SMITH of Virginia. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 142) pro-

viding for the consideration of H. R. 1, a bill to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, and ask for its immediate consideration.

CALL OF THE HOUSE

Mr. MARTIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, a quorum is not present.

Mr. SMITH of Virginia. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

Ashley	Hays, Ark.	Meador
Belcher	Hébert	Morrison
Bentley	Hess	Perkins
Bolton,	Hill	Phillips
Oliver P.	Hillings	Powell
Budge	Hoeven	Prouty
Burdick	Hollifield	Radwan
Clevenger	Horan	Reece, Tenn.
Cole	Jackson	Richards
Davis, Tenn.	Johansen	Shelley
Dawson, Ill.	Judd	Short
Dempsey	Kean	Sieminski
Diggs	Kearns	Siler
Dingell	King, Calif.	Smith, Wis.
Eberhart	Kirwan	Spence
Ellsworth	Knutson	Talle
Gamble	McConnell	Teague, Tex.
Garmatz	McGregor	Vorys
George	Macdonald	Wolcott
Green, Oreg.	Mack, Wash.	Yates
Gross	Mailliard	Young

The SPEAKER. On this rollcall 366 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

HOURLY MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

COMMITTEE ON ARMED SERVICES

Mr. BROOKS of Louisiana. Mr. Speaker, I ask unanimous consent that Subcommittee No. 1 of the Committee on Armed Services be permitted to sit this afternoon after the adoption of the rule, during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

TRADE AGREEMENTS EXTENSION ACT OF 1955

The SPEAKER. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 1) to extend the authority of the President

to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed 2 days, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, but said amendments shall not be subject to amendment. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN], and now yield such time as he may desire to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Speaker, when the Trade Agreements Act of 1934 was passed, we were led to believe that it would succeed in overcoming domestic unemployment.

As far as the textile, and a few other sick industries are concerned, this law became an enemy, instead of a friend.

The only spinning and weaving being done in many New England mills is by the spiders on their webs that signify the absence of human activity.

The hard-core facts of unemployment in textiles, among fishermen, and miners are pushed out of sight, under the table, while the State Department, conducts experiments in international goodwill to the tune of billions of dollars extracted from Americans.

Judged on its record of recent years, I would say that we do not have much confidence in what it now advises us to do.

If the State Department has no other solution to the problem of providing export markets for Japanese textiles than to dump them in the United States at the sacrifice of our own textile industry, we are forced to the conclusion that it is confused, and does not actually know what it is doing.

International communism will not be stopped by throwing more Americans out of work.

The State Department would be better occupied in devising practical means to save the remainder of Asia from communism, and in restoring trade in the area embracing Japan, the Philippines, what is left of Vietnam, Malaya, Laos, Cambodia, Burma, India, Pakistan, and Formosa, than in surrendering our domestic market to an invasion of Japanese textiles.

Substitution of foreign for American cloth in our home market would deepen unemployment in textile communities that have had the unfortunate distinction of leading the labor-surplus parade, and for years.

The Government would have some defense, at least, if, during all that time, it had come forward with some program to help alleviate the distress of the tens of thousands of textile workers who are unemployed.

It has done absolutely nothing.

But now, exalting international above domestic relations, it plans to add insult to injury by opening the gates to a flood of foreign imports to rescue the Japanese while letting our own people drown.

Japan has a newly rebuilt cotton textile industry that is capable of producing billions of yards of goods at wages averaging 11.9 cents per hour, compared with our New England average of \$1.38.

How, in spite of all the camouflage and sidestepping, can the Government keep a straight face in suggesting that the American textile industry and others will not be disastrously affected by the proposal to enter into negotiations with Japan, looking to a further reduction of tariff rates.

For years we gave away billions to foreign nations.

Apparently this was not enough.

They want us to give away our jobs.

Even now, before the full impact of lower tariffs will hit us like a hurricane, those people still working in the textile mills of New England are being conditioned to take a cut in wages.

I ask the Government to come clean, to put it on the line, and dare to tell millmen, union representatives, stockholders, the employees and the unemployed of our textile industry that extension of reciprocal trade will not harm them.

I do this in order to fix responsibility.

Before the Congress votes on this measure, it must face the irrefutable facts of the following wage differentials and be prepared to answer those Americans who will be displaced by foreign imports.

Gross hourly earnings in some of the principal textile-producing countries:

	Per hour
Northern States of the United States	\$1.41
All United States average	1.28
Great Britain	.45
France	.39
Italy	.24
Japan	.11%

Gentlemen, do you want to kill off the American textile industry?

(Mr. LANE asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Rhode Island [Mr. FOGARTY].

Mr. FOGARTY. Mr. Speaker, I rise in opposition to the rule. H. R. 1 is vital to the interests of my district. Already, without any further tariff reductions, the principal industries of Rhode Island are menaced by competition from cheap-labor imports. Many thousands of workers have already been thrown out of work in the lace manufacturing industry, in other textile mills, in jewelry-making plants, and other factories. The tariff has already been cut below the peril point.

H. R. 1 would not only authorize the President to make still deeper cuts in the tariff, it would grant him virtually unlimited powers to regulate our foreign commerce through the medium of trade agreements. These agreements under the authority of this bill could contain provisions relating to tariffs, to import

quotas, customs formalities, and other matters relating to trade.

This would represent virtually a complete abdication by the Congress of its constitutional powers and responsibility in the regulation of foreign commerce. I am not willing that this be done. There is too much at stake here to pass lightly over. There is too much at stake to put the House under the extreme limitation of a closed rule.

The hearings before the Committee on Ways and Means demonstrated the widespread and serious opposition to the bill as it is drawn. Over a hundred witnesses from some of our most important industries expressed great concern over the consequences of the bill's enactment. These industries included textile manufacturing, chemicals, electrical equipment, wool growing, the fisheries, scientific equipment, coal, oil, cattle raising, cordage, carpets, and a long list of others.

Great concern was expressed over the proposed Japanese trade agreement. I join in that concern. A way must be found to limit and contain the disastrous effects of a further tariff reduction on imports from Japan. No other competition is more difficult for our industries to meet. The bill as it has come from the Committee on Ways and Means has not provided any proper and practical method of coping with this problem. It would simply throw our industries into the struggle without more to look forward to than escape-clause action. The record in this clause as a defense and remedy is very poor. Fewer than 10 percent of the applicants have gained relief.

The serious defects of H. R. 1, including unheard of powers proposed in it for the Executive, and its failure to make it possible to live with the trade agreement with Japan which it specifically authorizes, combine to make an overwhelming case against a closed rule. The House should be given a chance to fit the bill to the vital needs of our industries and their workers.

I strongly urge, therefore, that the rule be defeated.

(Mr. FOGARTY asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, once again the duly elected Members of the House find themselves under a threat of an un-Democratic and un-American gag-rule procedure.

House Resolution 142, the rule in question, would make in order H. R. 1, and tie the hands and bridle the tongues of 410 Members of the House who are not members of the Ways and Means Committee.

Only in an extreme emergency could there be any justification for such flagrant violation of the ordinary rules of procedure. No such emergency exists here.

The travesty of it is that legislation will be jammed through the Congress that was conceived in Geneva, given the official O. K. at the State Department, and written by the Randall Commission. It is handed to you today with the weak

apology that 20 members of the august Ways and Means Committee heard your protests but decided that your welfare and the welfare of those constituents should be sacrificed on the altar of world politics.

Not one word do we hear about the welfare of America; about the economic deserts that have already developed; about the ruin that lies ahead for large segments of American industry.

Whether you are seated on the right of the center aisle or on the left of the center aisle, may I plead with you my colleagues to resent this violation of your right and your privilege to participate in the deliberations of the Congress.

It is my plan to demand a rollcall vote on the previous question. You should remain in the Chamber ready to stand and be counted in support of this request. You will then have a chance to say whether you approve or disapprove this violation of your rights.

Once more may I plead with you, my colleagues, to turn a deaf ear to the propaganda of the floor leadership on both sides of the aisle, that you will have an opportunity to recommit this bill. Here and now is the place to make your fight. Let us stand and be counted; let us vote for the interest of America and of our constituents.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. MASON. If we had not had an open rule, we would not have the escape clause in the law at the present time, would we?

Mr. BAILEY. That is true. I thank the gentleman from Illinois for calling that to our attention. That is the only way I was able to write the escape clause in the law in the beginning.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I am glad to yield to the gentleman from New Jersey.

Mr. CANFIELD. There are certain sick industries in our country today, and one of them is the textile industry. Is the textile industry mentioned in this bill?

Mr. BAILEY. They are not, and there will be no chance to amend the bill unless we have an open rule. Let me say, Mr. Speaker, I will be satisfied if you open this up and give the Members who want to offer amendments a chance to do so. I will take a licking, if it is necessary, but let us make the bill at least agreeable to a majority of the Congress, which it is not at the present time.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

I am sure, Mr. Speaker, that we always admire and appreciate the sincerity of our good friend, the gentleman from West Virginia, who just spoke. I think we all appreciate that in his district and in his State as a consequence of the coal situation, he does have a problem and, I repeat, we are all pleased to hear from him at all times. But, while he might be opposed to this bill because he feels that the importation of residual oil is the cause of so many miners being out of work, I question whether that is truly the fact. In my considered judgment, the

reason why the coal industry is in a bad way is because of the desire of many, many people, millions of people, who want to use oil and gas.

As an illustration of that, only last year there were 9 million barrels of residual oil used in this country. Eight million barrels were produced locally, and 1 million barrels were imported. The gentleman may feel that in the event 1 million barrels of residual oil which was imported had been kept out of the country, the coal industry would have gotten that share. I am frank to confess that I am not an authority on the matter; but, on the other hand, the residual oil people do not want it to come in because they feel they would get that additional amount and that the coal industry would not get any of it. So I do not think anything this Congress can do with regard to exports and imports can help the coal industry. I think the cause is that a great majority of the people want to use gas and oil. The representative of millions of farmers spoke for this bill. Can anyone conceive that if this bill would bring chaos or ruin to the farming industry that the Farm Bureau and the National Grange would be here testifying for this bill? If the American Federation of Labor felt that millions of their employees would be thrown out of work, would they have come in and testified in favor of this bill? If it is going to bring chaos to business, do you think the United States Chamber of Commerce and scores of other business organizations, with billions of dollars invested, would be coming before the Ways and Means Committee supporting this bill?

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. The gentleman observes that coal is no longer looked upon with favor because most people want to use gas and oil. I am sure the gentleman would be glad to know that in case, and God forbid, this country gets into general mobilization or partial mobilization, you will be on a coal fuel potential within 24 hours, and no gas or oil will be used for that purpose.

Mr. ALLEN of Illinois. I agree that would probably happen. But what I am saying is that I have seen so many people who continually used coal are now using oil and gas. I am not disagreeing with the gentleman, but I think the gentleman will agree with me that I have stated the facts.

Mr. FLOOD. Will the gentleman yield for one short observation?

Mr. ALLEN of Illinois. Yes; I yield.

Mr. FLOOD. Will the gentleman agree that if and when the time comes that all subsidies and all advantages given to liquid and gaseous fuels are permitted to be enjoyed by the coal industry, the situation in your district may even change?

Mr. ALLEN of Illinois. I thank the gentleman for his observation.

Of course the ideal condition would be if we could only export and not import. Yes, that would probably be the ideal situation. But unfortunately that just cannot happen. For instance, last

year we imported between \$10 and \$11 billion worth of goods and we exported \$16 billion worth of goods. When you do import coal and other products you are going to throw some people out of work, but it is likewise true that when you ship \$16 billion worth of goods out of the country that gives more people work than the \$10 or \$11 billion worth that is brought into the country. Just think of how many people are used in the transportation of those \$26 billion worth of products. So from that standpoint, perhaps when we ship out \$16 billion worth of goods it is true that some of them are going under lend-lease, but nevertheless it does happen that many more people are employed. The record shows clearly that \$16 billion went out of the country last year and \$10 billion worth came into the country.

In conclusion, Mr. Speaker, I do not feel that the President of the United States intends or would possibly do anything to hurt business or any individual in the entire country. I am certain he has advisers who are competent and sincere, like the Farm Bureau, the Grange, and the United States Chamber of Commerce. I am sure these advisers and counselors of the President are not going to advise anything to bring our country into chaos or into a ruinous condition.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. ALLEN of Illinois. I yield to the gentleman from Indiana.

Mr. HALLECK. There has been some suggestion, as I understood, that there might be an effort to vote down the previous question and amend the rule to make it an open rule. As far as I am concerned I think everyone ought to understand, and certainly the new Members, that throughout the years without regard to which party has been in power we have brought measures of this kind to the floor under closed rules. Experience has shown that when you throw the matter open to amendment on the floor you generally wind up with the bill getting in such shape it has to be recommitted. Under the pending rule as drawn there will be opportunity for the minority side to present a motion to recommit, and on that motion a separate vote could be had. I therefore asked the gentleman from Illinois to yield in order that I might say I am supporting the rule and will vote for the previous question in order that we may proceed in the way that we have through the years in the consideration of such bills.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Maryland [Mr. HYDE].

Mr. HYDE. Mr. Speaker, I am distressed at the domestic injury suffered by the mining and railroad industries of my district as a consequence of the prevailing policies which permit unlimited quantities of foreign residual oil to be unloaded into the fuel markets of the east coast.

I am sure that none among us will question the vital role which must be assumed by the coal industry in time of war. During World War II demand for bituminous coal rose by 74 percent from

the time that the conflict erupted on the Continent until the year that our troops went ashore in France. All military experts agree that there will be no such time to reach peak industrial activity in the event of further hostilities. In 1954 the bituminous-coal industry produced less than 400 million tons. Our mobilization base requirements call for a minimum of 650 million tons of annual production if an emergency develops. To achieve that output, the coal industry should be producing at least 500 million tons per year in the interim period. Because of the world tension existent at the present time, we must stay on the safe side militarily and industrially. I consider it foolhardy to permit our coal industry to remain at a low level of production when it could at any time be called upon to accelerate production far beyond its current capacity.

Unfortunately, Maryland's mines were among the first to suffer from the inroads of foreign residual oil. Until this product began to deluge the Atlantic seaboard, Maryland was producing in excess of 1½ million tons of coal annually. Last year our total output dropped below 400,000 tons. Whereas our labor force at the mines was made up of more than 2,000 men in 1948, today we have less than 500 employees. In 1948 residual oil imports amounted to 53 million barrels; last year the total was 131 million.

I am reminded of an article appearing in the Washington Star in 1950. A reporter who visited Maryland's mining communities described the destitution that enveloped that region as a result of the competition that came from foreign refineries. Since that time conditions have worsened fourfold. A comparative few of the miners are still holding on, working 1 or 2 or 3 days a week. Some have left their homes to seek employment elsewhere. Others have found part-time employment in other industries.

Railroaders who depend upon coal traffic for employment are confronted with a similar situation. The Baltimore & Ohio, whose lines extend through some 200 miles of my congressional district, reports that total personnel in this company declined from an average of 65,000 in 1946-48 to only 50,000 at the present time. The devastating effects of foreign residual oil are emphatically reflected in these figures, for much of the coal tonnage picked up in the northern West Virginia and western Pennsylvania fields goes to tidewater or directly into the utility plants of the east coast. Production in mines on the B. & O. lines dropped from 42 million tons in 1948 to 31 million tons in 1954. The Western Maryland Railway which also juts into both the northern West Virginia and western Pennsylvania regions and has a western terminus on the Chesapeake Bay, experienced a decline of from 7,484,000 in 1940 to less than 5 million last year.

The mines of Maryland were a vital force in the industrial progress of this Nation. For that matter, one of the attractions of Washington as the Nation's capital was its proximity to the coal fields near Cumberland. In 1789 a group of

citizens in Alexandria and Georgetown issued an advertisement calling attention to this advantage in the campaign to have the seat of the Federal Government moved from Philadelphia to this city. From the time the B. & O. completed its line to Cumberland in 1842, coal shipments provided the bulk of traffic, and throughout the years this commodity has been the greatest single source of revenue for all the other great roads of this section of the country.

Since 1800 more than 260 million tons of coal have been produced in Maryland, yet there are 3¾ billion tons of recoverable reserves remaining. Today many of our mines are flooded with water, and railroad cars are rusting away on siding because the market for coal has been usurped by foreign residual oil.

Let me say, Mr. Speaker, that I am so optimistic as to hope that in due time most—or even all—of our trade restrictions will have disappeared. I also hope that there will come a day when immigration barriers will be unnecessary. But neither is practical at the present time, nor in the foreseeable future. I believe that H. R. 1 must be amended, in the interest of the domestic economy and the national security, to provide for a restriction on importation of residual fuel oil to at least 10 percent of the domestic demand, based on the corresponding quarter of the preceding year.

(Mr. HYDE asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey, Mr. WOLVERTON.

Mr. WOLVERTON. Mr. Speaker, I am opposed to the rule in its present form.

This is a representative body. Every one of us is here as a representative of the constituency that elected us. It is inconceivable that under such circumstances that every one of us will be denied the right to offer an amendment to the pending bill if the rule now before us is adopted.

The rule gives the right to offer amendments only to the Ways and Means Committee. That means that a mere majority of that committee can dictate what this entire membership can vote upon. We know that the committee is divided in its views on this legislation, but, even the minority members of that committee cannot offer an amendment to the bill. As long as there is a majority of the committee, though it is only a majority of one, in favor of a particular viewpoint, then that viewpoint prevails, and there is no power given to us to change it by an amendment. Thus, it could be said that one vote in the Ways and Means Committee could under certain circumstances control the action taken by the committee, and the committee can limit or determine what the membership of the House can vote upon.

This is wrong in principle and it is particularly wrong in a representative government such as ours. The fullest opportunity should be given to permit the House to work its will in all matters

of legislation that come before it for decision. This rule prevents such. It is a gag rule of the worst type. It is un-American and should be defeated.

The legislation which this rule brings to the House for consideration is one of the most important matters that will be presented during this entire session of Congress. The purpose of the bill is to extend the reciprocal-trade-agreement law for 3 years and to permit the President to reduce tariffs in a substantial degree.

There are in our Nation thoughtful persons who are deeply concerned as to the effect the enactment of this bill might have on certain industries that employ thousands of workers. The effect of this bill could mean that the products of certain of our industries will be brought into direct competition with similar articles produced abroad by under-paid workers. Workers in foreign countries do not receive wages of the kind we pay in this country. There is fear we cannot meet such competition successfully with our present higher standard of wages. This is a real danger to our workers.

The bill now before us does not give the protection it should to the workers in this country. It should be amended to do so, but the rule that now brings the bill to the floor of this House precludes any such amendments being offered unless offered by the Ways and Means Committee. It is folly to expect it to offer any such amendments. If the committee had been agreeable to this viewpoint, then such a protective amendment would have been put in the bill before it was reported to the House for action. The fact that such was not done by the committee is evidence that the committee has not, and will not, look favorably upon such an amendment. Thus, it will not be added by the Ways and Means Committee, and no Member of the House can offer such an amendment if the rule now before us is adopted.

This is all wrong. The rule should be amended so as to give the Members of this House the right to offer an amendment such as I have mentioned or any other amendment that is deemed necessary to protect our workers. It is only in such manner that full expression can be given to the real spirit and intent of representative government.

(Mr. WOLVERTON asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Speaker, I am opposed to the rule because it will not permit amendments to H. R. 1 when it is read under the 5-minute rule.

This closed rule is a gag rule and denies me as a representative of some 300,000 people to offer amendments to the bill that will protect their interests as American wage earners.

We who lived in the 20th Congressional District of Pennsylvania, have made every effort possible to obtain relief from the adverse effects of the unlimited and unrestricted importation of

foreign residual oil which is one of the main factors in wrecking our economy. Unless those of us from coal-producing States are permitted to offer amendments to H. R. 1 curbing the flood of foreign residual oil, we have no other means of stopping it.

The unemployment in my congressional district is mounting daily and as of January 1, 1955, there were 18 percent of our employables unemployed. It is in the name of the unemployed in my district who are today living on public assistance and surplus food commodities, that I ask that this closed rule be defeated.

I am sure that the membership of this House if given an opportunity to vote on an amendment providing for a 10 percent quota limitation on the importation of foreign residual oil that such an amendment will be approved overwhelmingly, since it will restore employment and also protect the jobs of those presently employed.

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. SCUDDER].

Mr. SCUDDER. Mr. Speaker, I rise in opposition to the gag rule recommended by the Rules Committee for the consideration of H. R. 1, the act which would extend the reciprocal trade agreements for a period of 3 years, and carrying with it language which I do not feel is strong enough to protect the American workingman and our American industries.

I have always felt a free discussion of all legislation to be very necessary in our legislative processes.

The Constitution plainly spells out the responsibilities of Congress in tariff matters. I feel there has been too great a delegation of these responsibilities during the past several years, and I believe it is time to take a new look into the laws regulating the commerce between our country and the other countries of the world.

I do not believe in a high tariff, but I do believe that tariffs should be so set as to make up for the difference in the production of goods manufactured in countries where substandard wages are paid. I believe that foreign goods which go on sale in our country should be based on quality and not on price. Some equalizing legislation is highly necessary. I believe in a strong peril point and escape clause being written into tariff legislation.

Mr. Speaker, I am opposed to, and shall vote against the rule and trust that a majority of my colleagues do likewise.

(Mr. SCUDDER asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from West Virginia [Mr. BURNSIDE].

Mr. BURNSIDE. Mr. Speaker, much of the pottery which is manufactured in the United States is made in my State of West Virginia, and a good percentage of it is made in my district.

The manufacture of pottery is not a large industry when compared with some of this country's mass production manufacturers, but in my district and in the State of West Virginia, the industry is most important. It furnishes employment to many of our people. It flourishes in small towns where it is often the sole employer. It uses materials native to the locality which are valuable only for production of pottery. The loss of this industry in our State would be doubly unfortunate; not only would raw materials abounding in West Virginia be wasted, but even more important, the already critical unemployment situation would be made even worse, and the widespread human suffering in West Virginia would be intensified.

Loss of this industry is the result which we may expect from further tariff cuts on imported pottery. Domestic pottery has already been hard hit by tariff reductions. I understand since January 1951 employment in pottery plants has decreased about 30 percent. It is further understood that profits from 1951 to 1954 have decreased about 50 percent. During this same period, the amount of pottery imported into this country has increased, even above the very high 1951 levels. The pottery people I have talked to think that reductions in import tariffs already effected under the Trade Agreements Act have brought much of this trouble into being. They feel definitely that further injury now threatens them by the three proposed reductions in tariff, authorized by H. R. 1. Their fear is especially directed to Japanese importations.

The pottery industry in this country feels that it has done everything within its power to streamline the industry. Of course, the American chinaware industry is the most highly mechanized of its kind in the world. Since the people of the industry have made their industry the most efficient, they feel that the acts of their government proposed here, will be a method to rob them of their livelihood.

I am sure that further tariff reductions would eventually eliminate practically all manufacture of pottery in the State of West Virginia. I am convinced that lower pottery tariffs are completely unjustified because domestic-made pottery is prevented from competing with foreign pottery, not because of the competence of foreign manufacturers, not because of the inefficiency of American methods, not because of the superiority of foreign goods; but solely because of the dangerously low wage scales prevalent in pottery manufacturing abroad. Labor in the United States is well paid and should be well paid in order to preserve our high standard of living. It is completely unfair to require an industry which does pay fair wages to compete with industry in foreign countries paying starvation wage scales.

I am a Representative of the State of West Virginia, which is the worst hit State in the Union, because of unemployment. My people feel that further tariff cuts will be a major irritant to our economic structure. Gentlemen, in proposing to destroy an industry of this nature, some of you have suggested that

we can transfer its workers to other activities. But unemployment resulting from such destruction would be most hard to alleviate because pottery workers have a peculiar skill that cannot be absorbed by other industries. Many of them have spent years learning a highly skilled craft, so you are taking away the livelihood of these people and building up a frustration by putting them on charity.

Mr. Speaker, it is generally conceded by all those who are familiar with the textile industry that it is in a nationwide state of depression. I understand that production has been curtailed throughout the industry so that there is widespread unemployment, or part-time employment. I know that in the American Viscose Co. plant in Parkersburg, which formerly employed more than 3,000 people, only about 900 employees are now at work. I understand from the Textile Workers Union of America that about 200 mills have been closed down in the last few years, and 75,000 workers have been laid off since 1951. In Parkersburg, as in many other cities, I am sure, the closing or near closing of a textile mill is an economic catastrophe, the effects of which are felt by every resident of the entire area. The rayon plant in Parkersburg, a city of 40,000, was the city's largest source of employment. Its limited operation at the present time has injured every small-business man in Parkersburg. It has, in addition to the unemployment directly created, caused widespread unemployment in other business activities. Numerous people who might otherwise have sought employment in Parkersburg, have been forced to leave their homes and families to seek employment elsewhere. Many, many more of the employees are attempting to exist in Parkersburg, as best they can. Hundreds are still drawing unemployment compensation. Hundreds more have exhausted their benefits. From statistics furnished me by the West Virginia Department of Public Assistance, I learn that over 2,700 people in Wood County, of which Parkersburg is the county seat, are on surplus food.

As you might expect from this, Parkersburg has been classified by the Department of Labor as a severe labor surplus area. Since their textile plant was so large an employer, its displaced workers, and those displaced because of its economic effects, cannot find other jobs. This situation is doubly complicated by the fact that other local industry is also depressed at the present time. Nearly every other employer in Parkersburg has been injured by recent tariff reductions.

From this I think it is clear that the present condition of the textile industry, particularly the manmade fibers division, does not warrant further tariff cuts which would increase textile imports. Much of the present distress in the industry has been caused by our unwise importation policy. Much more distress will be created if there are further tariff reductions on manmade fibers.

The chief beneficiary of such reductions would, of course, be Japan. Japanese rayon plants are as efficient as those in the United States. They are capable of producing and have produced fibers of as fine a quality as can be made in the United States. Their industry has rapidly recovered from the effects of World War II. I understand that the productive capacity of the Japanese rayon industry at the close of World War II amounted to approximately 360 million pounds per year. As of 1950, that capacity had been raised 32 million pounds, to a total of more than 390 million pounds. This restoration of rayon production capacity was made against the recommendation of the Textile Commission to Japan. It was made with the help and cooperation of the United States. But the fact is that the rayon industry in Japan is overbuilt. Its capacity for production at the close of World War II was adequate to supply the internal needs of Japan. I can see no fairness in a policy which permits the overbuilding of a foreign industry and then provides for lower tariffs in the United States to take care of the excessive foreign production.

I do not deny the fact that Japan must import foodstuffs in order to survive and that it must export materials in exchange. But the foods which Japan needs can be obtained in southeast Asia, where she can trade her manmade articles for rice. Burma, Thailand, Indochina, the Philippines, and Indonesia all have, or could have, rice for export. Our policy should direct Japan's trade into these channels rather than directing it to the United States, where irreparable injury can be done to our entire economy.

In conclusion, let me say that I am firmly convinced that there would be absolutely no benefit to be derived from further reductions in tariffs on textile imports as authorized by H. R. 1. On the contrary, every indicator capable of measurement indicates that nothing but harm will result if textile tariffs are lowered.

Mr. Speaker, 5 years ago this spring I appeared before committees of the Senate and House to protest trade policies that were responsible for creating unemployment and poverty in my congressional district and in other areas throughout West Virginia. I was particularly concerned with the growing threat imposed upon our national economy by imports of oil from South America and the Middle East. I presented figures to show that the increasing amounts of crude oil and its products shipped from foreign lands were usurping America's fuel markets to the detriment of our own coal and oil producing industries.

Today—almost 5 years later—I find that the destitution brought about by this foreign menace has increased in intensity and has extended its perimeter of disaster. More mines are closed, more miners and railroaders are unemployed, and business throughout the coal and railroad centers of the Appalachian region has steadily declined. The domestic oil industry has likewise experienced serious injury and is losing its incentive to develop new fields and new

wells in the midst of this otherwise prosperous economy in the United States. Unfortunately, many wells are being pulled in West Virginia today.

Let me give you an example of the past and continuing disregard of the national welfare and security arrogantly exhibited by the importing oil companies. Committees of Congress undertook to look into the problem after 75 million barrels of residual oil were imported into the United States in 1949. Our distinguished legislators were rightfully alarmed not only because these imports were bringing destitution to coal-producing areas, but also because this country was building a dependence upon a source of supply that would not be available in an emergency period.

A representative of the United Mine Workers of America testified before the Senate committee that each time a huge new tanker tied up at an American dock, it brought not only a quarter of a million barrels of fuel oil, but also job discharges for 63 American miners for a full year. We import not only low quality oil, he explained, but unemployment.

A representative of the Brotherhood of Railroad Trainmen testified that residual oil imports were responsible for what he termed enormous increases in railroad unemployment. An official of the National Coal Association warned of the danger of permitting utilities on the Atlantic seaboard to rely upon a fuel which cannot be stored in large quantities and which would be unavailable in time of snorkel submarine action in ocean shipping lanes.

The Governor of the State of West Virginia testified that foreign residual oil was creating general economic chaos in our State, for it not only threw thousands of mineworkers and employees of related industries out of jobs, but also deprived State, county, and local governments of much-needed revenue from direct and indirect taxes.

I ask you, gentlemen, to keep in mind that these statements were made following the year that a record 74 million barrels of residual oil entered United States markets from abroad. Naturally, we, who have an interest in the coal industry and its employees, the independent oil producers and their employees, the railroad industry and its employees, and in other affected fields, were deeply concerned with the unnecessary damage that was being inflicted upon our economy. Those 74 million barrels of residual oil were equivalent to 18 million tons of bituminous coal. The loss of that tonnage deprived mineworkers of 2,806,000 man-days—representing \$43,549,000—in 1949. More than 15 million tons of that coal—the coal which was never produced because its markets were stolen away by a foreign product—would have been shipped by rail. The resulting loss to railroad workers amounted to \$23,331,000. That, gentlemen, is what a Senate subcommittee of the Committee on Labor and Public Welfare learned when it made a study of unemployment in the coal and other specified industries 5 years ago. That committee issued a

report which included this terse statement:

The committee, on the basis of all the evidence before it, is convinced that the importation of foreign oil has had a substantially injurious effect on the coal, oil, and railroad industries of the Nation.

Is there any wonder why we who represent coal, railroad, and domestic oil companies were deeply concerned with what would happen if the deluge of oil from abroad were not checked? We realized that in addition to the losses sustained by wage earners in these industries, the flood of foreign residual and crude oil would impair the capital investment of the coal industry, reduce domestic exploration and development of new oilfields, cause pulling of producing wells, and imperil the national safety. We sought immediate action to correct the unfair and dangerous situation then existent. Pressure and promises from importing oil companies, however, were so great that our efforts at that time were hopelessly in vain.

Now let us review what has happened in the intervening years. Here are the residual oil import figures for the succeeding period:

	Millions
1950-----	120
1951-----	119
1952-----	128½
1953-----	136¼
1954-----	131¾

Representatives of importing oil companies insisted time and again that it was their policy to supplement rather than supplant domestic fuels. Though it was proven by a Senate committee that the amount of foreign residual oil then being imported into the United States was already causing serious harm to American industries and American workers, shipments rose beyond the expectations of even the most pessimistic of us, the aggregate for the last 5 years amounting to more than 635 million barrels. Now Mr. Speaker, to me it is inconceivable that any group of international operators would be so disrespectful and disdainful of the elected Representatives of the people of the United States as to ignore completely the findings and recommendations of an officially appointed committee of the Congress. Not content to disemploy thousands of wage earners in this country, these world oil manipulators have intensified the weakness which their exploits have created in our defense structure.

Fuel experts have learned that, in order to have our coal industry produce the 650 to 700 million tons of bituminous coal that would be required in the first year of a national emergency, the mine output in the interim should be at least 500 million tons per annum. I remind you that in 1954 the bituminous-coal industry produced only 392 million tons. With the consequent decline in coal tonnage, railroads have laid off an ever-increasing number of workers and of necessity have neglected rolling stock that would be needed to transport coal in an emergency.

You gentlemen realize, of course, that when a mine is closed, as has been the

the experience with so many of our operations in West Virginia since foreign residual oil began to take over our markets, all the equipment, steel rails, and such are pulled out, and the mine fills with water. If a mine is reopened, the water must be pumped out and all the material must be replaced—a slow, costly process taking many months. Inasmuch as we are now living in an atomic age, how much time would we have to get these mines ready?

Somewhat the same situation is applicable in the case of domestic oil production. If foreign oil takes over the domestic markets, there is no reason for American oil men to develop new fields or to explore for new wells. The wells pulled in West Virginia are gone forever. Our State of West Virginia has lost a vast amount of income because of these dangerous practices. The State now finds itself short some \$7 million in revenue. We are told that we are facing a deficit for the coming year of about \$15 million of needed revenue.

Thus, you see, this problem of foreign oil is not a matter of concern merely to a small group. Its economic consequences affect every one of us, particularly everyone in West Virginia.

Mr. Speaker, a telegram of February 9 points out succinctly the strain under which the Porcelain Products Co. of Parkersburg, is operating. It appears useless to belabor the point that this industry is severely injured by tariff reductions. This West Virginia company has been faced not only with just one reduction, but now with almost constant reductions. Faced with this constant threat to their existence not only from tariff cuts by the present administration, but with deliberate orders by this administration that are threatening their corporate life, they ask, when will this stop? Gentlemen, I ask you to put a stop to it. This is the telegram:

Deprived 39 people of 9 months' work, at average of \$2.20 per hour, equals wage loss this plant only of \$130,000; equal loss by our suppliers. This occasioned by one Bonneville order placed with Japs. Additional Government requirements placed with Japs created additional losses to company and men of at least million dollars. Tariff cut would be suicidal for our depressed industry whose billing has decreased 28 percent over 1952. Your assistance and help to correct this urgently required.

G. M. RUOFF,
Vice President and General Manager,
Porcelain Products, Inc.

Mr. Speaker, in my district and throughout the State of West Virginia, there are many plants which manufacture handblown glassware. Some of the most beautiful glass in the world is produced in my district. I am sure that you are aware that the art of producing handblown glass is very intricate and requires great skill. I think I can safely say that glass manufacturing is more than just an ordinary industrial process. It is a highly specialized craft or art.

Irreparable injury has been done the handblown glass manufacturers of this country by repeated reductions of tariffs on imported glassware.

Since the Second World War, handblown glass imports have consistently in-

creased. Stark evidence of the effects of these imports on the domestic glassware industry is revealed by the fact that as these imports have gone up, domestic sales have declined. If tariffs are cut even further, as authorized by H. R. 1, the only result to be expected is complete elimination of the American industry. I submit that this would be most unwise. I can see no net benefit to the American economy to be gained by elimination or near elimination of our handblown glassware industry. Many, if not most, of the plants in the industry are located in very small towns or villages. They are usually the most important local employer and often offer the only local employment. The closing of these plants would practically wipe out many small West Virginia communities. I cannot think of this havoc as a necessary short-term period of readjustment, as the exponents of free trade term it. It may be well to say that at some future time our economy would readjust, and the younger displaced workers would find other employment. But all of us with any common sense know that a handblown glass worker who is over 45 years old cannot get a job because his skill is in an industry specialty not used by other manufacturers. I am not aware of any other products which could be manufactured in our present glassware factories; but even if that were possible, further reductions in tariffs mean a serious loss to West Virginia. Our State income, already rapidly declining, would be reduced even further. Many people now gainfully employed would be forced to leave the State or to join the thousands of unemployed people now suffering in West Virginia.

Mr. Speaker, I would like to stress what I believe is the most important factor to be considered in relation to glassware tariffs. That is simply this—the major factor in production of handblown glassware is obviously labor costs. It has been pointed out time and time again to you that cheap labor in foreign countries is solely responsible for the low prices of imported glassware in this country. Since the United States cannot control the internal domestic policies of foreign countries, and since we cannot prevent exploitation of labor in certain countries, further liberalization of our tariff policies will not even benefit the people of foreign countries. Certainly it can only create extreme hardship for the handblown glass industry and its workers in this country.

Mr. Speaker, there are 7 toy glass marble factories in the United States, 6 of which are in the State of West Virginia, engaged primarily or solely in the production of toy glass marbles. These factories which normally employ around 873 persons, exclusive of sales representatives, are as follows:

Vitro Agate Co., Parkersburg, W. Va.
Champion Agate Co., Pennsboro, W. Va.

Heaton Agate Co., Pennsboro, W. Va.
Ravenswood Novelty Works, Ravenswood, W. Va.

Marble King Incorporated, St. Marys, W. Va.

Master Glass Co., Clarksburg, W. Va.
Peltier Glass Co., Ottawa, Ill.

Import of toy glass marbles from Japan within the past year has caused these factories to lose 60 percent of their sales within the United States. Employment is now reduced to 294 persons. Based upon information furnished by United States purchasers, 90 percent of the remaining business will be lost to Japanese suppliers within the next year.

The reason for this recent loss in United States business is not difficult to explain. The cost of production for manufacturers of toy marbles in the United States is 200 percent more than the cost of production for their counterpart manufacturers in Japan. The low cost of production in Japan is due primarily to the low cost of labor and raw materials and to low Japanese taxes. These cannot be offset by more efficient methods of production in the United States. The average monthly wage of a skilled machine operator in the Japanese marble factory is 15,000 yen—\$41.66—and the average monthly wage of an unskilled adult laborer is 6,000 yen—\$16.66. There are no unions in the Japanese marble factories, and child labor is sometimes utilized. In marble factories in the United States, machine operators average approximately \$300 per month, and the unskilled laborers, approximately \$200 per month. Laborers in the United States work only 40 hours per week, while their counterparts in Japan work 50 to 60 hours per week. The low cost of labor and low taxes, which average about 15 percent, result in proportionately cheap raw materials. Conference United States-flag lines advise that Japanese toy glass marbles are loaded as ballast and the cost of shipping from Japan to the United States is only \$10 per 2,000 pounds. Shipping costs on nonconference United States-flag vessels and on Japanese-flag vessels are considerably lower.

Under the present tariff rate, it is almost certain that the entire marble industry in the United States will close down. Gentlemen, this industry, as I have said, is not large, but it is a source of employment to people in West Virginia. Why must their jobs be sacrificed? Why must the already devastating unemployment problem in West Virginia be made worse?

Mr. Speaker, as I am sure you know, West Virginia, particularly that part of the State lying in the Ohio and Kanawha River valleys, has been blessed with vast deposits of elements used in the manufacture of many vital chemicals. For this reason, the State is one of the centers of the chemical industry of the United States. Many of the people in my district, the Fourth Congressional District, are employed by chemical manufacturers, and a very great number of these people have informed me of their fear that further reductions in tariffs on chemical imports will jeopardize their jobs and the plants in which they work. Manufacturers, too, feel that further tariff reductions will jeopardize the industry they have developed. Some are considering moving to other countries. Therefore, I would like to bring to your attention the need for protection of this vital industry.

I need not, I am sure, point out to you the national importance of the industry about which I am speaking. We all know that without it our national-defense effort in our two latest wars would have been crippled. I think it fair to say that this industry played as important a part in our victories as any other in the land. I am sure, too, that you are aware that chemical manufacturing was developed during the First World War precisely because it was then found that this Nation depended too large an extent on chemicals manufactured in foreign countries, particularly Germany.

Today we find the coin reversed. We have a strong national industry which has served the Nation well, but it cannot survive in the face of cheap foreign imports. I think that our national-defense interest alone is sufficient ground for not permitting further reductions in tariffs on chemical imports. But there are many other cogent reasons for retaining a protective tariff in this industry.

In the first place, statistics show that our chemical tariffs have already been reduced so that they are among the lowest in the world. I am not prepared to say that further tariff reductions would close down our chemical industry entirely, but I am sure that it would cause a considerable readjustment of the industry. Many chemicals now manufactured in this country would be discontinued. Many plants would be closed down and much of the money now spent by the industry in research and development of newer and better chemical products would not be spent. I am sure that many West Virginians would lose their jobs. I know that many of them have already felt the effects of imported chemicals, and I am not prepared to say that these people can be regarded as mere elements of the labor force to relocate and readjust themselves as best they can.

The unemployment situation in West Virginia is already severe. If we make it worse by further reductions in tariffs, the distress already rampant throughout the State will be intensified, and the chance for eventual recovery will be lessened. In terms of human beings, lower tariffs on chemicals will only create further misery.

In addition to its immediate present effects, an unwise tariff policy in regard to chemicals will vitally affect the future of the industry and our Nation. Chemical production requires highly trained professional people. Chemical research is an important part of the industry. Our national supply of trained chemists is an important national asset. If we take any action tending to curtail the industry, we will destroy some of the incentive for young people to go into the field. The shortage of specialists which may result could do irreparable future harm.

Foreign chemical industries have rapidly recovered from World War II. They are daily increasing their production. We must maintain a tariff policy nurturing our own industry and the jobs of its workers because of the natural advantages of production abroad. Not

only are foreign labor costs far beneath those in this country, but construction, operation, and maintenance costs are far less in foreign countries than they are here. In addition to this, chemical manufacturers abroad enjoy tremendous tax advantages. Obviously we must either offer some protection for our own industry or prepare to lose much of it. I, for one, think we have no real choice. We must retain a protective chemical tariff to protect our own national interest.

(Mr. BURNSIDE asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. Mr. Speaker, I ask unanimous consent to extend the remarks I intend to make on the bill and include therein letters, resolutions, and newspapers articles.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Oklahoma [Mr. JARMAN].

Mr. JARMAN. Mr. Speaker, I am opposed to the closed rule on H. R. 1. Such a rule leaves us no opportunity to submit to the House amendments that would protect segments of our economy seriously in need of protection. For example, a strong case can be made for protection of our domestic oil industry. Oil imports furnished 8 percent of our national demand in 1946. Today oil imports furnish 14 percent of the United States market. In the same period of time imports of oil have risen from 377,000 barrels per day to over 1 million barrels per day. In the same period oil imports have increased 179 percent, whereas domestic production has increased only 36 percent. The welfare of our Nation, in its domestic and foreign policy, demands congressional action against the flooding of our Nation by foreign oil. Under this closed rule, we are barred from even submitting this important matter to our colleagues of the House. Fairness of parliamentary procedure should give the House an open rule, under which rule the House would have a real opportunity to work its will.

(Mr. JARMAN asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Georgia [Mr. FLYNT].

Mr. FLYNT. Mr. Speaker, I am opposed to the rule in its present form. It is manifestly unfair to bring in this H. R. 1 under a closed rule.

Nearly all of us want a reciprocal trade act, but we want one that at least resembles a two-way street—one that bears some reasonable relation to the dictionary definition of "reciprocal."

For too many years the United States has been making bona fide trade concessions all over the world, and in return we have been met with restrictive import licensing requirements, artificial

embargoes and outright violations of standing agreements.

We who oppose the rule in its present form and who oppose H. R. 1 as reported out by the Ways and Means Committee, want and believe we have the right to expect a reasonable amendment to assure American industry and the American wage earner that not a single American industry and not a single American's job is expendable.

We want and we have a right to expect an amendment which will make the peril-point and escape-clause provision mandatory when so recommended by the Tariff Commission. This is fair; it is reasonable; it is honest, and, above all, it is American.

(Mr. FLYNT asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. FLOOD].

Mr. FLOOD. Mr. Speaker, I am opposed to the rule. I am against any gag rule any time, any place, anywhere—and this is a gag rule. It is a mockery to point to this forum as the great place of free speech and find this rule before us. I speak for the anthracite-coal industry, the great basic fuel potential of America. We only ask at this point in the parliamentary situation for the right to present our case to the House. Let me speak for my amendment seeking a quota on residual fuel oil. If the House knows the facts, I believe in my heart we will get this so badly needed protection, little as it is we need it desperately. I repeat, in case of the outbreak of hostilities of any magnitude, this Nation will be on a coal-fuel basis within 24 hours after the first shot is fired; make no mistake about that. Promises of help, many assurances of aid, much sympathy from all for the coal people but none of the support given to all other segments of our economy. This residual, cheap imported fuel oil strikes at the heart of our coal industry. This means loss of jobs in the mines and on the railroads of this Nation.

But, at this time, let us defend our rights as Members of this House to represent the districts which sent us here. And for one that I intend to do in this vote.

In the American way, let us open this vital matter to free discussion, amendment, and debate.

Mr. Speaker, I repeat my opening words; I am opposed to the rule.

(Mr. FLOOD asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. SISK].

Mr. SISK. Mr. Speaker, I appreciate the opportunity to speak briefly in opposition to a closed rule on H. R. 1, because I believe the matter is of utmost importance to many of my constituents who have had little opportunity to look into the possible effect of the measure as reported out of committee.

In the first place, I am strongly in favor of the reciprocal-trade program

and an adequate extension of authority to negotiate agreements under it. I also strongly favor retention of provisions of the program to insure against destructive dumping of foreign agricultural products on the American market, in other words, the escape-clause and peril-point provisions of the act.

More than 100,000 persons in my district can be seriously affected by this legislation because they are in agricultural industries which may be subjected to destructive foreign competition. Their representatives feel the provisions of H. R. 1 as reported by the committee may not contain adequate escape-clause and peril-point provisions. They are also concerned with the manner in which these provisions are administratively handled.

I have had no opportunity to study the reported bill in sufficient detail to determine its handling of these vital matters. Undoubtedly, the effect of the bill will be fully revealed during debate on the floor, but in the event the debate reveals the need for strengthening of these provisions, I would feel it most unfortunate if a closed rule should prohibit amendments which would enable me to vote for a program which I strongly support.

I am sure many other Members favor extension of this important program if it contains adequate safeguards. I am sure proponents of the committee's bill do not want to be in a position where they may be accused of railroading it, nor do I feel they want to place friends of the measure in a position of being forced to oppose it. I appeal for an opportunity to hear discussion of H. R. 1 and to vote for amendments if I then believe they are needed. I hope the Members will refuse a closed rule.

(Mr. SISK asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from West Virginia [Mr. MOLLOHAN].

Mr. MOLLOHAN. Mr. Speaker, I am opposed to this rule in its present form. The action which this House takes with regard to H. R. 1 will directly affect every man, woman, and child in this Nation. Their bread and butter—the standard of living they enjoy—the extent of their economic security is irrevocably tied to the question of whether business continues to flourish and industry continues to expand in this country.

With a question so vital therefore to the well-being of the American people, how then shall we dispose of it in a few hours of limited debate—yet still honorably discharge our sacred responsibility to our constituents?

Largely as a result of the vast imports of foreign residual oil which flow unrestricted into our eastern seaboard, unemployment in our West Virginia coal fields increased 25.7 percent in 1954 over 1953. The low rate of the duties imposed upon imports of glass and pottery has opened so wide the doors to our domestic markets—that the doors of our glass and pottery plants in the First Congressional District of West Virginia

are, one by one, slamming shut. The consequent unemployment in these industries exceeds even the high rate which now prevails in the coal fields, while similar conditions prevail in our important chemical and textile industries.

With due respect to my distinguished colleagues who sit upon the Ways and Means Committee, I still must protest that upon so grave an issue as that which H. R. 1 encompasses, we cannot permit ourselves to be guided solely by the conclusions of only 25 Members of this House. The margin of error is too great—the consequence of error too costly.

Moreover, I submit, Mr. Speaker, that the problem of international trade is too complex for us to proceed, with balanced judgment, to consider H. R. 1 until we are possessed with fullest possible information upon all of the many ramifications which are involved.

It was never the intent of the Founding Fathers of this Nation that a few men, only, should write the laws of this land. I most earnestly urge that only under free and open debate shall we be able to determine, with equal justice for all, the course of action we should pursue in disposing of the grave issues with which H. R. 1 is involved.

(Mr. MOLLOHAN asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey [Mr. TUMULTY].

[Mr. TUMULTY addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. TUMULTY asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. FEIGHAN].

Mr. FEIGHAN. Mr. Speaker, I urge the adoption of an open rule.

I should like to make it clear that I have always supported the principle of reciprocal trade, and shall continue to do so.

The reason I urge the open rule is to permit open debate on the question of whether we should have any trade relations with the U. S. S. R. or the nations controlled or dominated by communism. There is no special prohibition against such trade in H. R. 1 as it now stands.

The main objective of the Trade Agreements Act is to increase foreign trade in a manner so as to be helpful to the economy of the United States and to expand and strengthen the economies of certain other nations of the world. There can be no valid argument against the need for an expansion of international trade, but there are substantial points of difference, I believe, on how this trade should be expanded, what we should trade, and with whom we should trade.

Perhaps the most important question involved in H. R. 1 is whether we should have trade with any of the nations of the Communist bloc which I shall hereafter refer to as the Russian Communist

Empire; and if so, how this trade should be regulated. It is to these two critical questions that I wish to present my observations and some basic facts which, up to today, appear to have been overlooked.

The Kremlin has recently stepped up its psychological warfare offensive against all free men and all free institutions. This psychological warfare offensive is being carried out under the false banner of peaceful coexistence. In this offensive against the free world trade between the Russian Communist Empire and the nations of the free world plays a very important part. The Kremlin expects to attain the following objectives as a consequence of this offensive:

First. To lull the free world into a deep slumber of false security;

Second. To cause us to cut back drastically on our defense preparations;

Third. To secure from the free world food and consumer commodities required to subdue the restive nations and peoples held within their empire;

Fourth. To lay the groundwork for a system whereby the nations of the free world will be caused to compete against each other in the field of trade under rules calculated to bring complete economic victory to the Kremlin;

Fifth. To cause as many nations of the free world as possible to develop an economic dependency upon the Russian Communist empire—particularly with respect to raw materials;

Sixth. To provide a better cover for infiltration and internal subversion of nations through the media of business and trading fronts which the Kremlin is anxious to establish in key spots in most of the free nations.

There is no such thing as trade in non-strategic or noncritical materials with the Russian Communist empire. Anything they choose to trade for or with the free world you may be sure they need critically. Every type of intercourse carried on by the Kremlin with the free world is a calculated one in their unceasing warfare against human freedom and free institutions. Trade with the nations of the free world is clearly one of the major devices by which the Kremlin calculates to further its objective of world domain.

Recently we have read in the newspapers a great deal about the benefits which would accrue to us by trading our surplus food with the Russian Communist empire in exchange for valuable resources such as manganese. I recall that early last spring a trial balloon was put up on the subject of selling surplus butter to the Russians. When word got out that this butter would be sold at a price less than the American housewife has to pay for it, the promoters of this scheme ran for cover and pulled down their trial balloon. Now it appears as though these same promoters have put a slogan on that old trial balloon so as to disguise it. The new trial balloon has a banner on it which reads: "Barter butter for manganese." The joker in this proposition is that while we might get a small amount of manganese for a very large amount of surplus butter—as a token demonstration of how we can out-barter the Russians, we should not be

fooled into believing that a consistent trading program will be built up in which we will receive only manganese and other needed raw materials in exchange for butter, wheat, and our other surplus commodity stocks.

We must never forget that the masters of the Kremlin are in a state of constant warfare. At this moment their warfare is primarily directed at the many nations and millions of people enslaved within the Russian Communist empire. What the Communist masters are now seeking to do is to break down or remove all possible opposition within their empire, and to bring about an economic, political, and military consolidation of the vast areas and millions of people they control. They must accomplish this first task of consolidation before they can engage in an all-out showdown with the nations of the free world.

In the war of the regime against the people now taking place within the Communist empire, it is no secret that the weakest economic link in the arsenal of the Kremlin is its food production program. Over the past approximately 10 years, the food production program within the Communist empire has been a notable failure. There are undoubtedly a number of reasons advanced for this failure, but I believe they can all be summed up as follows:

First. Because of the forced collectivization of the rural areas and the peasants, together with the resistance and opposition which this has brought from the people themselves.

Second. Because so much of the available manpower within the Communist empire has been put on war production work, thus depriving peaceful industries of needed manpower.

Events of the past week in the Kremlin have made it abundantly clear that the leaders of the conspiracy of communism are faced with tremendous internal problems. Among these problems is the acute shortage of food and other consumer goods. Some competent observers of these events point out that one of the main reasons for this acute shortage in food and other consumer commodities is the fact that the majority of available manpower in the U. S. S. R. has been deployed in the production of war materials, which are referred to as heavy industries. Khrushchev, the latest czar, is the advocate of all-out development of the heavy industries as against the deployment of manpower for the production of food and other consumer commodities. As a consequence, it should be clear to us that now more than ever the masters of the Russian Communist empire need our food and other consumer commodities.

Common sense tells us that if we trade food for any item with the Communist empire we will be helping them to keep their war-production work at its present high level. If they are unable to trade for the food they so badly need, eventually they will have to drastically reduce their war-production work in order to provide manpower for the rural areas or be faced with the alternative of large-scale famines and mass uprisings by the people.

The same can be said with respect to a large number of consumer commodities which are usually in long supply in the United States. The enslaved people within the Russian Communist empire are demanding more shoes and clothing, more household appliances, and more of the gadget type of commodities which are so common and inexpensive in the United States but so rare in the Communist empire. Again, one of the basic reasons for these shortages within the Russian Communist empire is the deployment of vast resources of manpower to war-production work.

I believe the time has come for us to regard our position with respect to surplus food commodities and surpluses in other consumer commodities as being a distinct asset in the arsenal of the United States and the free world as a whole. The Communists have long considered food as a weapon for war. Why do we not look upon our surplus foods as weapons for attaining true peace and freedom? There are many areas of the free world, some of them now being subjected to heavy Communist propaganda, which could benefit by having reasonable quantities of our surplus foods. In those areas of the world where human want is the greatest, Communist propaganda has made the greatest gain. Our surplus foods, and to the extent possible, certain other consumer commodities in long supply, should be directed to those areas. These steps, together with an increase in technical assistance to those areas, would be a death blow against Communist propaganda.

I strongly recommended to the Ways and Means Committee that the question of trade with the Russian Communist empire and trade with the nations of the free world be considered as separate measures. I do not believe that we can advance a program of international trade which will bring real and lasting benefits to the free world unless we do separate these issues. Moreover there is the grave danger that in our laudable efforts to increase trade with the nations of the free world, we will open the door to critically needed materials which the masters of the Russian Communist empire so badly need today. Specifically I recommended that a prohibitive clause against the possibility of any trade with the U. S. S. R. and the nations controlled or dominated by communism be included in H. R. 1.

The Select Committee To Investigate Communist Aggression authorized by the 83d Congress, on which I had the privilege of serving as a member, conducted a large number of public hearings here in the United States and in Europe. It had before it a number of recent escapees from the Russian Communist empire. They testified that within the Communist empire there is seething discontent and hatred of the regime. Many of them urged that the United States not trade food or consumer commodities of any type with the Kremlin because by so doing we would be giving the Kremlin the weapons to control and hold captive our most dependable allies—the nations and people enslaved by them. Other recent escapees from the Soviet Union have publicly stated

that the masters of the Kremlin are sitting on a powder keg which might explode any day. The exploited people enslaved by communism who are denied the essentials of life make up the powder in that keg.

There are an increasing number of people showing an interest in the possibilities of making not only a fast dollar, but rather large bundles of them through a program of trading our surplus foods and consumer commodities with the Communist empire. These are the same kind of people who saw nothing wrong in selling scrap iron for the manufacture of bombs to the Japanese just prior to the outbreak of World War II; they are much like the people who, during World War II, did not hesitate selling high-grade ballbearings to the Nazis through neutral channels. This kind of people would like to put the American farmers "over the barrel" by getting them to sanction the trade of surplus foods with the Communist empire. They hold out the possibility of financial gain to a farmer who is worried about prices for his farm products when he sees a large surplus of these same products accumulating in Government warehouses. These same people would make the American farmers into a propaganda weapon for the masters of the Kremlin, just because it would mean a bundle of fast dollars for them.

I repeat what I have said previously—there is no material—whether it be raw or manufactured, which is not considered strategic by the Communists in their never-ending war against freemen and free institutions. I urge an open rule. I wish to offer an amendment to H. R. 1 to prohibit any trade whatsoever with the U. S. S. R. or any nation under its domination or control. Such an amendment is in the security interests of the United States because it is clear, beyond any doubt, that trade of any kind with the Communists increases the possibilities of war.

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Massachusetts [Mr. PHILBIN].

Mr. PHILBIN. Mr. Speaker, this bill strikes at the heart of the American industrial system upon which we must depend to promote general prosperity and provide employment for millions of our citizens. In operation it will open still wider the import gates through which a steadily increasing flow of cheaply produced foreign goods can flood our American domestic markets, undermine many industries, and cause serious unemployment in the country.

The rule under which the bill comes to the House has been referred to as a "gag" rule. It shuts off all amendments to the bill. It strictly limits debate and thus denies this House the privilege of giving adequate consideration to the measure.

We can all take notice, if we will, of the fact that the so-called peril-point and escape-clause clauses of this organic law, inserted into it originally to

provide some measure of protection for our great productive machinery and workers, have not been functioning effectively. They are virtually inoperative. They urgently need revision and implementation.

This bill favors foreign interests. It is contrary and hostile to American interests. It threatens our workers, our people, and our whole economic structure. It is a monstrous misnomer to call this bill reciprocal. It reciprocates nothing to this country. It grants to foreign nations wholesale permission in many instances to load up American markets with products produced under sweatshop and coolie conditions which will in time wreak even greater injury and damage to the industrial strength and scientific resources of this Nation, so necessary to the national defense and well being.

I am unalterably opposed to this most unjust and unsound bill and to the closed gag rule which brings it before the House.

(Mr. PHILBIN asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. KELLEY].

Mr. KELLEY of Pennsylvania. Mr. Speaker, I like many of my colleagues, am in the unenviable position of opposing the rule and thus opposing consideration of the bill under a closed rule. I have supported the Reciprocal Trade Act continuously up to this time; however, I now find myself in the position where I cannot get relief for glass and coal industries. We cannot get any consideration to relieve the industries which are being badly injured throughout the country and in various areas of the country. I refer particularly to those industries with which I am familiar, namely, the glass and coal industries. We have been down on our knees figuratively speaking praying for relief for those industries, particularly the coal industry.

The dumping of residual oil in the eastern part of the United States has damaged the coal industry and will continue to do so. The residual oil that comes from South America, particularly from Venezuela, is the residue that remains after the oil has been refined. Let me make this emphatic: The coal industry can compete with the oil and gas industry of this country. But I am told that residual oil is placed on the shores of our country at the quite low price of 2½ cents a gallon. That is ridiculous. How is coal going to compete with that price?

Residual oil is good for only one thing in this country. With the millions of tons of residual oil that have been dumped here it is only good for one thing and that is for heavy industry.

Mr. VAN ZANDT. Mr. Speaker, will the gentleman yield?

Mr. KELLEY of Pennsylvania. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. The residual oil that comes out of the Caribbean area is sold on the eastern seaboard market for whatever price they can get?

Mr. KELLEY of Pennsylvania. Yes.

Mr. VAN ZANDT. If the coal miners dug the coal for nothing and the railroads hauled it for practically nothing, the Venezuelan oil would still undersell American-mined coal.

Mr. KELLEY of Pennsylvania. Yes.

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. KELLEY of Pennsylvania. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. I know the gentleman has led the fight in this House on the question of dumping residual fuel oil on the eastern seaboard. He is the great spokesman for the bituminous coal industry. May I say to the gentleman that he knows I have the privilege of speaking for the anthracite or hard coal industry. We join with you folks of the soft coal industry in this resistance to the dumping of residual fuel oil from the Caribbean area and from Venezuela. The economy of Venezuela is now at its highest peak in the history of that country. It is one of the most wealthy and one of the most expensive places to live in in the world.

Mr. KELLEY of Pennsylvania. I thank the gentleman from his observation.

Mr. Speaker, there have been a lot of figures presented to the House Ways and Means Committee and before the Joint Committee on the Economic Report trying to disprove the contention of those who are interested in the coal industry in this country that residual oil has done any damage to the coal industry. I do not know where they got their figures but they are erroneous. It is a simple matter of arithmetic.

The coal operators or coal shippers have a contract, let us say, using this as an example, with some industry using coal. They are suddenly cut off and denied further shipments. The reason is stated to them. So it is an accumulation of all these coal shippers losing their contracts and then adding them up. It is a simple matter of arithmetic. It shows that 35 million tons of coal per year are being lost to residual oil, cheap giveaway oil, from Venezuela. The 35 million tons of coal mean 24,000 miners are out of work. It means that the mines are closed down. It means some of them are closed down only partially. Now, you do not revive the coal industry, you do not revive mining operations overnight. Full mobilization would put this country in desperate straits for coal if the mines remain idle very long. I think we should take stock of that fact because after all it is a matter of national defense to preserve and nurture the coal industry of this country. It is a basic industry, it is a natural resource, and should not be neglected. We have appealed for aid but we have not found it. We have talked long and we have been listened to with deaf ears so far as the committee is concerned.

We cannot do anything under this rule, and therefore I must oppose the rule. I am compelled to do so. I am also opposed to the bill. The glass industry has suffered greatly from imports, and the bill offers no relief. It occurs to me that a rule should permit some avenue where an industry that is dam-

aged could seek relief. Now, you might say to me, "Well, the escape clause offers that." It does in words, but it does not in action. Appeal to the Tariff Commission is no help—at least, for these two industries. We think that the committee should have taken some cognizance of the difficulty of these two industries. I am sorry that I am in the unenviable position because I believe reciprocal trade over a long period is beneficial to the country. I believe relief should be given, not permanently but temporarily, so that industries can adjust themselves to changing conditions.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. KELLEY of Pennsylvania. I yield to the gentleman from Kentucky.

Mr. PERKINS. I believe the gentleman from Pennsylvania has been a coal operator for many years.

Mr. KELLEY of Pennsylvania. Yes; I am sorry to say.

Mr. PERKINS. And in the past 2 years or 2½ years your operations, I believe, are no longer in operation.

Mr. KELLEY of Pennsylvania. Well, they are idle.

Mr. PERKINS. I think that my colleague from Pennsylvania will agree that the importation of this residual oil is one of the major reasons for our high rate of unemployment in the coal areas.

Mr. KELLEY of Pennsylvania. That is exactly right.

Mr. PERKINS. One reason why this is a difficult problem is that our own people are carrying on this dumping program—in most instances are using old and obsolete machinery which makes the volume of residual oil great. This is particularly true in Venezuela. Day after day we kick the seriousness of our coal industry aside by saying residual oil is not a cause. There must be a commencement point, and why should a basic industry be denied protection from this dumping program?

The amount of this waste oil coming in from Venezuela during the past calendar year and dumped on the eastern seaboard amounted to 350,000 barrels per day, or the equivalent of 90,000 tons of coal each day. With the daily coal production approximating 1.1 million tons, this amounts to oil importation equivalent to 8 percent of our national coal production. The Reciprocal Trade Act which we now propose to extend prohibits any action that would stop this increased importation of residual oil.

I believe in free trade, and am in accord with the general principles of the Reciprocal Trade Act. However, free trade should not be considered as a license for special interests to dump by-products into this country at the expense of one of our essential industries—coal. This basic industry must be given an opportunity to survive and a limitation on imports of residual fuel oil is a necessary step for that opportunity.

Mr. Speaker, I would like to support this measure and hope that the House will give us an opportunity to offer an amendment to establish quota limitations on imports of foreign residual fuel oil. I want to thank the gentleman from Pennsylvania for yielding to me.

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from California [Mr. MOSS].

Mr. MOSS. Mr. Speaker, my opposition to a closed rule is based on the fact that this Congress of the United States—a Congress elected by people from all the Nation and dedicated to representing the will of all the people—must have the fullest possible opportunity to express all views on a matter so important as the reciprocal trade program.

I realize, of course, a completely open rule to debate the program would lead only to endless discussion as each Representative puts forth the point of view of his area. I believe, instead, we should have a rule permitting discussion of substantive amendments to the bill before us.

Only a few areas of the Nation are represented by the members of the Ways and Means Committee which worked so long and hard to report the bill before us. I know they considered all the many pages of testimony presented to them, but their views are, of necessity, based on the wishes of the people they represent. On legislation of such worldwide importance as reciprocal trade, the widest practicable debate should be permitted so that the final bill will have the benefit of all shadings of meaning and opinion from representatives of all the areas of our Nation.

The bill, I fear, sticks too closely to the recommendations of the Randall Commission, and that Commission is not without fault in spite of the long hours of hard work put into developing its proposals. There is, for instance, mention of peril-point provisions in the legislation before us, but too often in the past regulations to implement peril-point legislation have been ineffective.

The people in my congressional district believe trade with other nations of the world should be as free as possible. They recognize the value of economic exchange of goods as an arm of international relations. We do not believe, however, free trade should be permitted to wipe out the standard of living enjoyed by factory and farm workers in our Nation. When the governments of other nations sets up false barriers, we must protect the interests of our people.

(Mr. MOSS asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. BROWN].

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I rise in opposition to the resolution and the adoption of the rule contained therein. I shall vote against the motion to move the previous question. I shall do so because I do not believe that this is the type of legislation upon which a closed rule or a so-called gag rule is either wise or necessary. We are told, of course, many, many times by many people that we should be progressive and forget the past and look only to the future; yet in another breath we are told that we should think only of the past and follow established precedent

and vote for a gag rule on a tariff bill when actually the question before us is not that of individual tariffs but rather great questions of broad policy.

Now, I can understand why a gag rule or a closed rule might be considered necessary if you were bringing in a tariff bill which contained thousands of items, such as are also contained in many tax bills, like the recent Tax Revision Act. But when you bring in a bill such as this, that deals with certain fundamental principles and the question of the delegation of power and of congressional responsibility, if you please, to the executive branch, then I believe that the Members of this House have the right, the duty, and the responsibility to work their own will. Remember, Mr. Speaker, when this bill finally leaves the House and goes to the other body across the Capitol, the Members of that body will be permitted free and unlimited debate and will have the privilege of offering any and all amendments that they may desire on this bill.

I believe that the average Member of the House is capable of passing judgment upon the principles that are included in this bill, the principles of government that are involved. They talk about precedent; that we ought to gag ourselves, that we ought to vote to gag ourselves because of precedent.

Let me remind you, Mr. Speaker, that all of these bills were not brought to the floor under a gag rule; that in 1951 the extension of the Reciprocal Trade Agreements Act was brought to this floor under an open rule, a rule which permitted the offering of amendments from the floor. It was then, and then only, that the escape clause provision was written into the Reciprocal Trade Agreements Act.

It is entirely possible, with all due respect to the membership of the Committee on Ways and Means, that there is some Member of this body—certainly not myself, but some other Member who is wise enough to offer an amendment that the majority of this House will think will help to carry out the intent and the will of the people.

Each and everyone of us has an equal responsibility to represent our people. It is not easy for me to oppose this rule, yet I have a responsibility to speak for my constituents, for the people of my own district and to do what I can to protect the interests of the people of my State and finally to do that, which in my judgment and conscience, with what little intelligence God gave me, I think is in the best interests of the American people. To say to me and to say to the Members of this House that we should meekly and weakly surrender that privilege, that right, I think is wrong.

So I am hoping the House will vote down the previous question so that we may have an open rule.

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, I should like to point out, in response to the question raised by the distinguished gentleman from Ohio [Mr. BROWN], that the escape clause was already included in practically all the trade agreements in

existence at the time that amendment was adopted in the House. The amendment to the act simply copied the provision that was already included as an escape clause in the Trade Agreements Act.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. MINSHALL].

(Mr. MINSHALL asked and was given permission to revise and extend his remarks.)

Mr. MINSHALL. Mr. Speaker, on last Tuesday I appeared before the Committee on Rules in support of an open rule on H. R. 1.

I am in favor of the reciprocal trade-agreements program. We in Greater Cleveland, with the advent of the St. Lawrence seaway, are becoming increasingly aware of our role in international commerce, and we are cognizant of the favorable effect increased trade will have on the security of the free world. However, I am opposed to placing the gag rule on a measure of such great importance to the American people. I am sure that opinion is and will be most evenly divided which only serves to stress the importance of abolishing the closed rule.

It is my opinion that matters so important to the American people as foreign trade, tariffs and reciprocal agreements should be discussed openly and freely by the entire membership of the House of Representatives. It is my feeling that if the discussion and debate here on the floor should prove to a majority of us that H. R. 1, as reported by the Committee on Ways and Means, should be amended or changed in any way, we, as Members of this Congress, should have an opportunity to do so. I urge the Members to reject the closed rule.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. HENDERSON].

(Mr. HENDERSON asked and was given permission to revise and extend his remarks.)

Mr. HENDERSON. Mr. Speaker, I am opposed to the rule and the bill. The rule, which eliminates the possibility of amendment, makes the Congress merely a ratifying body—a rubber stamp, at most.

This bill, as it stands, is harmful to my district and even with amendment possibly will present a serious threat. Southeastern Ohio depends greatly on coal, glass, and pottery, each of which is in a perilous position as a result of already reduced tariffs and lack of restrictive quotas. If this bill is passed, I would like to see it revised in such a way that at least the coal mines in Ohio, the pottery industry, the glass plants, the floor- and wall-tile industry, and the people dependent upon them for their livelihood might be served by the first principle of Government: Protection from foreign invasion—invasion by cheap inferior products. Therefore, Mr. Speaker, I oppose the rule which would prevent this Congress from setting up such a line of defense.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. NICHOLSON].

Mr. NICHOLSON. Mr. Speaker, I am against this rule. I am against the bill anyway. I believe in protecting the business of this country. I think, after raising our pay yesterday \$10,000, we can meet these issues and pass the laws ourselves instead of letting the State Department make the laws for us. It is about time we got up here and made the laws in this country, and not have the State Department or anybody else make them for us. The Constitution provides who shall do it, and it is about time we started following the Constitution, our Constitution, instead of the constitution of every other country in Europe and in Asia.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. NICHOLSON. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Would the gentleman agree with me that there is nothing reciprocal about this Reciprocal Trade Agreements Act, that only the United States provides the reciprocity?

Mr. NICHOLSON. There never has been any reciprocity. It has always been one way.

Mr. BROWN of Ohio. Will the gentleman agree with me that practically all foreign countries have higher tariff barriers than does the United States?

Mr. NICHOLSON. There is no question of that. They do not permit a lot of our products to get in over there at all.

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Connecticut [Mr. DODD].

Mr. DODD. Mr. Speaker, I oppose this rule recommended to control the parliamentary situation for this important piece of legislation.

I do not believe in these gag rules.

I believe in free and open debate with power to make changes in proposed legislation.

This rule allows us to talk our heads off for 2 days but denies us a chance to do anything else.

We cannot even change a punctuation mark in the bill.

We are told: "Here is the law. You can take it or leave it. And you will have only one opportunity to do that."

This is getting pretty close to puppet parliamentary practice.

It appears to me that there is an interesting relationship between these closed rules and the delegation of congressional responsibility to the executive branch of our Government.

Those who urge the adoption of a tight rule believe that this body, because of its size and the conflicting interests here represented, cannot write good tariff legislation. I believe the Congress is capable of handling tariff legislation.

Because I believe that we are capable of exercising that restraint and that self-discipline which are essential to the operation of successful representative government.

As for the time element, what difference does it make if it takes us 6 days or 6 weeks to hammer out a good tariff law on the anvil of free debate.

The other body has been known to take more than that length of time in considering a specific piece of legisla-

tion. And the other body will talk about this proposal at great length and will allow a free opportunity for amendment of it.

If the other body is capable and responsible enough to permit open debate, isn't it about time that the Members of this body claim for themselves the same high sense of responsibility and the same degree of efficiency?

There is always time to do things right. The interesting relationship between gag rule and delegation of constitutional responsibility becomes more clear as we examine into the reasons suggested for this kind of procedure.

For once it is conceded that this body has neither the time nor the proper disposition to write intricate legislation, it is simple to proceed to the delegation of constitutional responsibility to the executive branch of our Government.

Mr. Speaker, these are compelling enough reasons for opposition to this rule.

But if more are needed, let me suggest that the extension of the authority delegated for 3 years is, under all existing circumstances, impractical and unreasonable.

In the posture in which the United States of America stands today there is a critical necessity for frequent examination and reexamination of our international trade and tariff situation.

This Congress can find the time once each calendar year to examine what has happened and to correct mistakes.

No executive needs a 3-year license arrangement with the legislative branch of this Government.

If we are to continue down the road of delegation of our constitutional responsibility, let us do it on a short-term basis.

Mr. Speaker, I have not attempted to point out the economic tragedies which may befall the people of my district and of my State under the name of reciprocal trade agreements.

But lest there be those who think that no such problems exist, let me state here and now that a great number of industries and a vast number of employees look to me to help preserve the industries and these jobs until some provision can be made for them.

I believe in the improvement of world trade and in reciprocal trade agreements, but not to the extent of destroying ourselves because of too much haste and insufficient planning and preparation.

The call of the hour, Mr. Speaker, is that America preserve herself as that we may help preserve others.

I ask my colleagues to defeat this rule and to instruct the Rules Committee to give us a parliamentary situation where we can strike a blow for a free international economy and a healthy and ever-growing free-enterprise system in the United States.

(Mr. DODD asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. SMITH].

Mr. SMITH of Mississippi. Mr. Speaker, I rise in support of the rule. I take this time to remind my colleagues on

both sides of the aisle that they cannot defend a vote against this rule and still take the position that they favor the extension of a sound reciprocal trade program.

I want to remind those who represent districts where the commerce of the area knows the value of a forward-looking American trade program that you cannot appease some small minority in your section by voting against this rule and at the same time claim to work for the interests of the great majority of the people of your district and of this country.

I remind my colleagues who represent agricultural areas where we have staggering surpluses of commodities that can be taken off the surplus list only by some sort of trade arrangements with the rest of the world that you cannot appease some small industry in your district, some small selfish interest, and at the same time vote against this rule and in a sense thereby vote against the reciprocal trade program, and by that little device think you are riding both sides of the fence. You know that the purpose of defeating this rule is to destroy the Reciprocal Trade Act insofar as possible.

We have reached here the historic situation where for the first time in the history of the United States we have an intelligent view, an intelligent leadership on the part of a Republican President on this matter of trade policy. I appeal to my Republican colleagues to support their President in putting this into effect, and I appeal to my Democratic colleagues to do what they can in this bipartisan sense to take advantage of this great opportunity a Republican President has given us.

I have been shocked and disappointed and dismayed at the attitude of so many of my friends from areas where the viewpoints of great Americans like John C. Calhoun once prevailed. John C. Calhoun must be revolving in his grave today as he sees the views about trade legislation of some of his successors from the part of the South he fought so hard for during his years in public life.

I hope we will realize that the vote on this rule today is decisive. If you believe in the reciprocal trade program, you will defeat this effort to slice it up into small pieces. An effort is being made to slice up the reciprocal trade program, just like many other programs that are in effect. There is no effort to try to repeal it completely, at least no open effort. They want to cut it to pieces and knife it in the back to do whatever can be done to destroy it, just as has happened to so many other programs. But I want to emphasize to all of my colleagues today that the American farmer who has a stake in the production of surplus commodities and the staggering cost of maintaining those surpluses wants to sell his goods, and the American farmer will realize in the long run that if this reciprocal trade program is cut back here today, as a result of our action in opening this up to every type of trade sell-out that can be conceived of, your responsibility in voting against this rule will be acknowledged and accepted. This is an important issue. I think this bill is the

greatest issue which will come before the Congress within the next 2 years, during which we will be Members of the 84th Congress. The overall issue will be decided, as the President said 2 years ago, on whether we fail or succeed in solving this trade problem.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Speaker, at times I cannot understand the attitude of the Members of the House. I cannot understand your thinking—whenever there are any economic difficulties in any areas of any country in the world, why you get all worked up about it; but when there are any difficulties in any particular areas of the United States such as in the coal industry in the various States where mine after mine has been closed down and thousands of miners have been thrown out of employment, nobody is seemingly concerned or gets excited over the problem of how the Federal Government can step into the picture to afford relief from the deplorable conditions that exist. I want to say to my good friend, the gentleman from Illinois, that he is not well informed on conditions in the coal areas of Pennsylvania. For his information, I want to point out to him that the importation of residual fuel oil and crude oil has had a devastating and tragic effect upon the production of coal in Pennsylvania. I might call to your attention that in 1947 we were importing approximately 350,000 barrels of oil and today we are importing 1,200,000 to 1,300,000 barrels of oil a day. I might call to your attention that this has seriously affected not alone the coal industry and oil industry but killed the incentive of the American independent oil producers to find new reserves of oil. Our own oil production in the United States which was 6,500,000 barrels a day last year at this time is at the present cut back to approximately 6,100,000 barrels.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield since he mentioned my name?

Mr. GAVIN. I yield.

Mr. ALLEN of Illinois. We all sympathize with the problems of the coal industry. I do not know of any American industry which deserves more of our sympathy. The gentleman from Pennsylvania must be well informed about the coal situation because he said that I did not know but little about it. I ask what was the production of coal, let us say, 2 years ago? How many tons of coal were produced?

Mr. GAVIN. I cannot give you the exact figures right now.

Mr. ALLEN of Illinois. Can anyone give us the figures?

Mr. VAN ZANDT. About 2 years ago, the production of coal was 630 million tons.

Mr. GAVIN. And what is it today?

Mr. VAN ZANDT. About 400 million tons.

Mr. GAVIN. In other words, production of coal has gone down 230 million tons.

Mr. ALLEN of Illinois. Now my question is this: 630 million tons of coal

were produced. If we kept out of this country the million barrels of residual oil which is imported how much coal would be consumed in place of that oil providing coal was used entirely?

Mr. GAVIN. I regret that I am not able to give you those figures at this time.

Mr. ALLEN of Illinois. Can anyone answer that question? Perhaps the gentleman from Pennsylvania who is on his feet can answer the question. In other words, how much coal is displaced by this 1 million barrels of residual oil? If 1 million barrels of residual oil were not imported, how much more coal would be used?

Mr. MASON. It amounted to 43 million tons last year.

Mr. GAVIN. Did the gentleman say 23 million tons?

Mr. ALLEN of Illinois. That is 23 million tons out of 640 million tons.

Mr. GAVIN. The gentleman stated that it was 43 million tons.

Now, I might say to the gentleman from Illinois, the coal industry is not looking for sympathy; the men working the mines cannot live on sympathy; they want a solution to this problem, and cutting back oil imports would help. The facts are that the American oil industry has cut back, because of the importation of crude oil, approximately 400,000 barrels a day.

Now, here is the point. Today our daily production is cut back because there is a flood of crude and residual oil coming in, devastating and tragic to the coal industry, and impairing and eventually would seriously affect the oil-conservation programs of the various States, and killing the incentive of independent oil producers to find new reserves.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. ALLEN of Illinois. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. GAVIN. Suppose for the sake of argument we accept this present situation, and suddenly we are catapulted into an emergency somewhere in the world. Our supplies of oil are cut off from Venezuela and the Far East by submarine warfare, and we have not been giving the American independent producers incentives to build up our oil reserves because of present heavy importation of foreign oil. We are going to be in a very trying position to fight any kind of a war unless we have oil. We floated to victory on oil in World War I and World War II and the Korean war. The petroleum industry turned in a magnificent performance. They should be encouraged and not discouraged.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. GAVIN. I yield.

Mr. SIMPSON of Pennsylvania. Apropos of what the gentleman from Mississippi [Mr. SMITH] said a moment ago, it depends on whose congressional district is affected by this bill whether we are for it or against it. The gentleman from Mississippi [Mr. SMITH] comes from the South, and I will wager he has no industrial mills of any importance in his district. I will wager that he does have a big cotton-producing area and he

is completely protected by quota for the particular business in his district. I say to all of you, if we vote our own districts we will vote for what is good for the workingmen in our district, and that means that we have to have protection more than we have today.

Mr. GAVIN. I was in Europe in November and December and let me tell you the people of the European countries are doing well for themselves. They are well fed and well clothed and well housed. American business has produced the money to pay into the Federal Treasury to make possible the various programs to bring about their economic and industrial rehabilitation. Today they have, with our help and money, the latest and finest of all types of industrial equipment. With low-paid labor in Europe and in their amazing recovery we are now asked to let down the bars to flood this country with cheap merchandise and materials which will crucify American industry and the worker who by the sweat of his brow is trying to maintain a respectable living. We had better think very carefully about this whole program. I want to be recorded as opposed to this rule because it will have a tremendous impact on the economic and industrial life and welfare and well-being of the American workingman, particularly in the coal fields, which are in a deplorable condition at this time.

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. GAVIN. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. First of all, I do not like the word "flood" connected with oil; but, to be serious, I would like the House to know that many of my colleagues in the coal fields and I have never voted against a foreign-aid bill rule or final passage since 1945. All that we in the coal business have been trying to do is to have this new law permit some consideration. I have never opposed a foreign-aid bill or any bill dealing with foreign aid since I have been here. This time I oppose the rule and the bill.

The SPEAKER. The time of the gentleman from Pennsylvania [Mr. GAVIN] has again expired.

Mr. GAVIN. I ask the gentleman from Tennessee to give me 3 additional minutes, because some of the Members on that side have used a great deal of my time.

Mr. COOPER. I do not have the time.

Mr. GAVIN. I want to be recorded as opposing the rule, and I hope your American pride in your country will manifest itself today and you will oppose this rule for the welfare of the American people and protection of the American workman.

The SPEAKER. The time of the gentleman from Pennsylvania has again expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Speaker, I am opposed to this closed rule.

On Tuesday I went before the Rules Committee along with a number of other Members of the House and urged that an open rule be given on this bill. We

are confronted here today with statements by members of the Rules Committee and the Ways and Means Committee that if this closed rule is voted down and an open rule adopted, consideration of this tariff bill may continue for days, and great numbers of amendments may be offered to the bill.

What, may I ask, is wrong with that? Is it not our principal business here to give adequate consideration to all legislation, even though it may require days to do it? Is it not the proper function, as well as the duty, of each Member of the House to offer amendments to every bill which comes up, if in his judgment the bill needs amending?

Furthermore, is it not the right of each Member who is here representing the people in his district to offer such amendments to all legislation which in his judgment may be needed or required? These are not matters of grace or sufferance.

We have been told that the Ways and Means Committee carefully considered this bill, and that as the bill is drawn, it embodies the best thought and judgment of the Ways and Means Committee. I have no doubt that that is true. However, the members of the Ways and Means Committee do not either collectively or individually represent my district in Congress. I was elected to represent it, and I want to exercise my own judgment, not the judgment of the Ways and Means Committee, in giving that representation. I have not deposited my proxy with the Ways and Means Committee, and I do not want to legislate by proxy through the Ways and Means Committee. I want the right to take just as much time as needs to be taken in the consideration of this bill, and to offer amendments to the bill, discuss them on the floor of the House, and give the House membership an opportunity to accept or reject any amendments which I may offer.

A closed rule is a gag rule. It deprives the membership of the opportunity to give full and free consideration to pending legislation. The fact that it may require considerable time to give this consideration is no argument against it. What have we been doing here since Congress convened on January 5 which makes time such a precious element now? Most of the time we have been meeting just 2 days a week, and staying in session only a short time on those days. We are not pressed for time. We have all the time necessary to consider thoroughly this bill and all amendments which may be offered to it, even though it may require the balance of this week and all of next week.

This is one of the most important bills which will come up during this session of Congress. Whatever it may contain when it is finally voted upon, it is going to have a lasting and far-reaching effect upon our economy, our industry, our agriculture, and our working people.

In my judgment, this bill grants too much authority to the Executive. It enlarges to a great extent the authority previously possessed by the Executive. I think it goes too far. I think it should be amended to include safeguards and

afford protection to certain of our industries which are threatened with great injury through the flooding of our markets with articles manufactured in foreign countries by cheap labor, which, in some instances, is paid only one-tenth the average hourly wage paid to workers in similar industries here in America. This kind of cutthroat competition is ruinous to our workers and to our industries.

I voted to extend the reciprocal-trade legislation last year. I would like to vote to extend it again. But if this closed rule is adopted, and the bill, as it is now written, comes up for adoption on the final vote, I shall vote against it. I cannot support the bill in its present form, although I would like to see it amended in certain particulars so I would be able to support it.

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. REUSS] such time as he may desire.

Mr. REUSS. Mr. Speaker, I am opposed to the rule in its present form.

Mr. Speaker, I am in favor of H. R. 1 and opposed to amendments which will in any way cripple its purpose of increasing our two-way trade with the rest of the world. But I believe that the closed rule, House Resolution 142, is too tightly closed, and that some measure of amendment should be permitted. I have confidence that the Committee on Rules can come up with a rule which, without allowing unlimited amendment, nevertheless permits a debate and a vote on the major issues of policy presented by H. R. 1. I am equally confident that the valid principle which H. R. 1 expresses will prevail over such amendments.

(Mr. REUSS asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from West Virginia [Mr. MOLLOHAN].

[Mr. MOLLOHAN addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. MOLLOHAN asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. SAYLOR].

[Mr. SAYLOR addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. SAYLOR asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Virginia [Mr. POFF].

Mr. POFF. Mr. Speaker, as I see it, the whole trouble with our reciprocal trade program is that it is not reciprocal. Today, United States tariff rates are at the lowest point in our history, averaging only 5.1 percent of the value of affected imports. In fact, today's aver-

age tariff is 68 percent lower than it was in 1937. To cite a few examples for comparison: the average French tariff is 10.6 percent; Switzerland's tariff averages 8.1 percent of imports; and Great Britain's average is 25.6 percent. This last figure is actually 20 percent higher than it was in 1937.

The average individual in America today thinks that America has a tariff on every article imported from a foreign nation. This is not the case. In point of fact, of the some \$10.8 billion 1951 imports, over \$6 billion consisted of products which entered this country under no tariff or quota limitations whatever. Of the remaining \$4.8 billion, only \$3 billion were subject to import quotas or tariffs high enough to affect in a substantial way the import volume. Most of this \$3 billion consists of agriculture products, which fall within the price-support program, and finished manufactures.

One of the domestic American industries most seriously affected by this lack of reciprocity is the textile industry. In a 3-year period, the number of textile employees has declined approximately 260,000 of which some 40,000 were in the South. The United States 1953 tariff rate on imported cotton manufactures was 21.55 percent and on synthetic textiles, 19.7 percent. On imports of cotton manufactures, the United Kingdom, on the other hand, charges a tariff up to 30 percent; Italy, up to 25 percent; Germany, up to 30 percent; and Canada, up to 27½ percent. To further compound the inequity, the average hourly wage of an American industrial worker is \$1.79; the average hourly wage of a French industrial worker is only 46 cents.

Compared with America's 19.7 percent tariff on synthetic textiles, India charges 50 percent; Italy, 25 to 27 percent; Norway, 22 percent; and France, 20 to 25 percent.

Another glaring example of how other nations with which America trades have failed to reciprocate on tariff concessions is found in the automobile industry. America's tariff on foreign automobile imports is 10 percent. Japan charges 30 to 40 percent; India, 63 percent; France, 15 to 30 percent; and the United Kingdom, 15 to 33½ percent. However, the tariff imposed is not the only restriction to automobile importation in England. Additional duties and taxes bring the consumer price in the British market of 1 of the 3 low-priced American cars up to approximately \$6,000.

Not only is the American tariff lower than that of most of her trading Allies, but the wage differential works a serious competitive handicap on the American workingman. As noted before, the average hourly wage of an American industrial worker is \$1.79. In France, it is 46 cents; in Switzerland, 57 cents; in West Germany, 44 cents; in the United Kingdom, 47 cents; in Italy, 35 cents; and in Japan, only 19 cents. So it is that three factors operate in concert to the detriment of the American businessman and American workingman; namely, first, a low American tariff; second, foreign com-

modities produced by foreign labor with substandard wages; and, third, high foreign tariffs which restrict America's export volume in the foreign market.

I fully realize that those who support the theory of completely free international trade do so under the conviction that America ultimately will gain economically by importing on a duty-free basis, all those commodities which can be produced cheaper in foreign countries than they can be produced in America, and that America should produce for domestic consumption and foreign export only those commodities which she can produce more cheaply than a foreign nation. Such a philosophy, to my mind, is a little heartless, because it envisions the ultimate extinction of many small American farms and industries in which the principal cost factor is skilled or unskilled labor.

We, in the United States, have, in recent years, fostered high labor standards and high wages. We outlaw child labor and sweatshops. We prohibit interstate shipment of prison-made goods. We insist upon fair competition through anti-trust laws. We impose social-security and unemployment-compensation taxes. We establish minimum wages. We require workman's compensation. We enforce a variety of other rules and regulations designed to enhance the lot of the American workingman. These laws have contributed much to our national welfare but, at the same time, they have necessarily increased the sale price of our American commodities in the foreign market.

Those free-traders who profess such a vital interest in the consumer will have to admit that America could produce goods cheaper and in greater abundance if we permitted child labor and sweatshop conditions. The question is whether it is morally right for us to sanction such conditions abroad by lowering or removing the tariffs on foreign commodities produced cheaper with substandard wages. Such a policy not only encourages a continuation of lower labor standards in foreign countries but lowers the labor standards in America by forcing American labor to compete with underpaid foreign labor.

The international free traders do their best to minimize the impact of their policy on the individual American industry directly concerned in a particular tariff structure. Occasionally, they will go so far as to admit that their policy will annihilate a certain American industry. But they never seem to be willing to consider the secondary repercussions of their policy.

Perhaps the best example of these secondary repercussions is to be found in the American transportation industry. To the uninitiated, the unrestricted importation of cheap foreign residual fuel oil might seem to have no bearing on the railroad industry. But it does. I will try to translate the total number of barrels of residual fuel oil imports in 1954 into railroad wages lost in Virginia's Sixth Congressional District.

The three Pocahontas railroads, the Norfolk & Western, the Chesapeake & Ohio, and the Virginian, have some of

their most important terminals in Roanoke and Clifton Forge. Of the some 386.4 million tons of domestic bituminous coal production in 1954, about 92 million tons were originated by these 3 railroads. This amounts to 23.8 percent of the total. Total importation of foreign residual oil in 1954 was 134.8 million barrels, most of which was dumped along the eastern seaboard, capturing important coal markets. Total coal displacement was approximately 31.6 million tons. Applying the 23.8 percent ratio, the three Pocahontas lines lost over 7½ million tons of coal cargo. At the rate of \$3.56 per net ton, the total freight revenue loss was \$26.7 million. On the N. & W. line, approximately 47 percent of operating revenue goes into wages. Using this ratio as an average, the total loss in wages to the 58,541 employees of the Pocahontas railroads was about \$10.6 million. Approximately 10,000 of these employees work in our sixth district, which means that the total wage loss in the sixth district was about \$2 million.

Like the ripples from a rock dropped in a pond, this wage loss spreads across the entire surface of our economic lake. Farmers, grocerymen, barbers, theater owners, professional men, wholesalers, and retailers feel the shock. Railroad workers unemployed swell the welfare rolls and dislocate the job picture in other industries.

Now what is the rock that is dropped in the pond? What is causing this loss of wages and disrupting our economic life? Nothing more complicated and nothing more simple than the unrestricted importation of a foreign commodity produced as a waste byproduct by foreign interests through the exploitation of cheap foreign labor. The international do-gooders, proclaiming pious platitudes about opposing quota limitations to help our less fortunate neighbors in foreign lands, may as well admit that the only ones this policy helps are the big foreign oil men and that this help is given at the expense of our own American industry and our own American workingman.

While the American coal industry and associated industries naturally have a personal interest in supporting a quota limitation, we as legislators have a broader interest which, I submit compels us to agree with their position, and that interest is the national interest. Our national economic strength and military security depend in large measure upon our natural resources and our capacity to transport them from point of production to point of consumption. In the event of enemy attack, our mobilization potential will be gaged, not by coal in the ground but by coal in the furnace. Coal in the ground cannot become coal in the furnace unless we continue to maintain and further refine the technical know-how and operating skill of the mining and transportation industries. This cannot be achieved unless we are willing to protect these industries from unfair competition from abroad.

Out of a sincere and abiding conviction that the House, as well as the other body, should have a free and unabridged right to work its will on this legislation,

I shall vote against the closed rule. If the rule is passed and individual Members are given no opportunity to amend the bill, I shall vote to recommit the bill to committee for further study and amendment. If the bill is not recommended and amended, I shall vote against the bill in its present form.

(Mr. POFF asked and was given permission to revise and extend his remarks.)

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. SCHENCK].

Mr. SCHENCK. Mr. Speaker, I am opposed to considering the questions of reciprocal trade agreements under a closed rule.

The matter of reciprocal trade agreements is of great importance to our Nation as well as the other nations of the world. We must have a wise and proper program of foreign trade. It is very important that we work out programs of both imports and exports which will benefit our Nation and all our citizens.

That the people of the Third District of Ohio, which district I have the honor to represent in this House, are deeply interested is attested by the very heavy mail I have been receiving on this subject.

It seems to me, therefore, that because of the extreme importance of this legislation that full opportunity should be given the Members of this House to fully and properly consider each and every amendment that may be offered. It is also my conviction that this legislation is too important to be rushed. Sufficient time should be taken so that the resulting legislation will have been fully and carefully considered and therefore will be sound.

(Mr. SCHENCK asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 minute to the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. Mr. Speaker, one of our colleagues said that Calhoun would turn over in his grave if he knew what was going on here today. I am telling you that the framers of the Constitution would turn over in their graves if they knew that the men and women elected to represent the people of this country were delegating their authority to the State Department, the Ways and Means Committee, and the Rules Committee.

We should take into consideration the fact that we represent the interests of the people and not turn that power over to somebody else.

I am opposed to this closed rule. Those who advocate it have not come forward with one proposal to help the distressed areas of the United States; not one proposal. If they would come up here and say: "We are going to do something for the coal, glass, and textile industries," it would be different.

We who are opposed to the closed rule hope that should an emergency come upon us we would be in position to meet it. Formosa is at a critical stage. Nobody knows what is going to happen tomorrow. We must accept our responsibility, look at the facts and say we are

going to take care of the coal, glass, textile, and our other major industries in this country.

(Mr. STAGGERS asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. GRAY].

Mr. GRAY. Mr. Speaker, I rise at this time to voice my opposition to this rule, which would prohibit amendments to H. R. 1. I wish first to emphasize that I wholeheartedly support the basic purpose of H. R. 1. Like so many others my age I learned the hard way, by being in combat in World War II, that this Nation cannot be isolationist, cannot go it alone, and cannot bar its doors to the flow of trade. I know that we must act in full concert with all the other free nations of the world, so that the economic and social health of all trying to stem Soviet expansion and designs will be strong. I fully understand that we are but one in a family of nations, which like any family group has its individual members interdependent on each other. Our own great land is more blessed in many respects than some other members of the family of free nations, and I accept the great moral obligation we have to those less fortunate.

However, it is one of the most basic tenets of familial relationship that each household in a family group has certain obligations to its own members, obligations which in the nature of things are primary. These involve matters essential to their welfare and survival. I must therefore, Mr. Speaker, speak up on behalf of such members; they are the people of southern Illinois. It is my duty to do so; that is what I am here for.

In southern Illinois we have an area in our own great Nation that is suffering such acute distress that it is beyond my capacity to describe it to you. Suffice it to say that it is classified IV-B by the Department of Labor, which means a very substantial surplus of labor. This means over 30,000 unemployed, over 24,000 families on food relief. Why, Mr. Speaker, why should this happen in our land of plenty? Because the source of their livelihood, the coal and fluorspar industries of southern Illinois, is being strangled by competition from beyond our shores.

We have a most serious obligation to our own people. We must assure them the means to a decent living. It is for this reason that I am against this rule, it is for this reason I seek amendment to H. R. 1, which this rule would prohibit, to provide my own people with the opportunity to earn their living and to provide our own native industry a chance to survive. Mr. Speaker, unless this rule is defeated, I will be compelled to vote against the entire trade bill.

(Mr. GRAY asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Virginia. Mr. Speaker, I yield myself the remainder of the time.

The SPEAKER. The gentleman from Virginia is recognized for 9 minutes.

Mr. SMITH of Virginia. Mr. Speaker, I recognize the difficulty of many Mem-

bers of the House on this bill; we all have our own problems in our own districts, but this is a question that affects the whole country. When the chips are down, I think certainly Members will exercise the right to do what we think is in the best interests of the country as a whole.

It has been recognized ever since I have been on the Rules Committee that bills of this type should be considered, as a practical matter, under a closed rule. The original bill setting up this program, as I recall, and the extensions in 1953 and 1954 were considered under closed rules. Nobody seemed to object at that time; as a matter of fact, both the majority and minority members of the Ways and Means Committee came before the Rules Committee and joined in the usual request that that committee makes of the Rules Committee for a closed rule.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield at that point?

Mr. SMITH of Virginia. I yield to the majority leader.

Mr. McCORMACK. The gentleman's statement is absolutely correct; it has always been understood and accepted. And I might make the further observation that as I sit here and see men from New England and other sections in the North rise and say they are going to vote against ordering the previous question I wonder if they realize that if the previous question is voted down they are faced with having a quota on imports of oil voted into the bill. They are going to be faced with that. If they are against the rule, they should vote for the previous question and then vote against the rule.

It is my belief that the rule ought to be adopted, because it has been the custom and the practice without regard to which party has been in control to consider bills such as this under closed rules.

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the minority leader.

Mr. MARTIN. Has the gentleman from Virginia ever known of a tax or a tariff bill that was not considered under the same type of rule?

Mr. SMITH of Virginia. I have just stated that it has been the uniform practice since I have been on the Rules Committee, and I have been on it many years. That is done as a matter of practical necessity.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Ohio, and then I must decline to yield further.

Mr. BROWN of Ohio. The gentleman will agree, I think, that in 1951 the same type of bill was brought up under an open rule.

Mr. SMITH of Virginia. I believe that is correct.

Mr. Speaker, I want to talk about the practical situation and the reason why the rule is brought in here in this way. The members of the Ways and Means Committee know it, the Members of the House who have been here for some years know it. If you bring a bill of this type in and permit as many amendments

as could be offered from every section of the country, to suit the special need of every district, by the time you got through with the bill you would have it loaded down with so many amendments you would have to recommit it to the Committee on Ways and Means.

Now, that is the practical situation and it is a practical situation. I am told that there are some 350,000 items subject to the tariff law, which means if you carried the thing to its ultimate absurdity there could be 350,000 amendments offered to this bill. Many of them would probably be voted up.

What are you going to do? There seems to be some intimation here that maybe the Ways and Means Committee is arbitrary about this matter and wants to govern the House or rule the House. There has been the same intimation that the Rules Committee wants to do the same thing, that the Rules Committee wants to run the House. Let me say, and I think this ought to be said once and for all, that the Ways and Means Committee cannot do anything to this House that a majority of the House does not want done. The Rules Committee also cannot do anything to this House that a majority of the House does not want done.

What the Ways and Means Committee does and what the Rules Committee does is that on the best judgment that we have, considering all the practicalities of the situation, we present to you our recommendation, a recommendation that as a practical matter this bill should be handled in this manner. If the House does not like it, if a majority of the House does not want it, you do not have to take it, you can vote it down. But that is the democratic way of doing it, that is the way the rules of the House provide it shall be done.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. I want to confirm what the gentleman has said as to the practice in the past. He has referred to the immediate past 2 years during which on this side we had the responsibility, and I had the responsibility as the majority leader. If my memory serves me right, in the Republican 80th Congress when we extended the Reciprocal Trade Act we likewise had a closed rule. I also agree with the gentleman that experience has indicated that that is the proper way to proceed. Certainly, speaking for myself, we followed that practice when I had the responsibility and I am not going to be inconsistent now and reverse my position because at the moment the responsibility has shifted to the other side.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from New York.

Mr. REED of New York. The Members of the House may be surprised, I suppose, when I say that I shall vote for the closed rule. Last year when I had a desperate fight on tax revision and other legislation, the distinguished gentleman from Tennessee [Mr. COOPER]

was in the minority. I asked him to cooperate with me for a tight rule to get that legislation through. He did it. I told him I would reciprocate. I am doing that on this legislation.

Mr. SMITH of Virginia. The gentleman from New York confirms what I have said that he and the minority members of the Ways and Means Committee appeared before the Rules Committee with the majority members of the Ways and Means Committee and recommended this type of rule which is the customary type of rule in connection with bills of this kind.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. BYRD. Mr. Speaker, I appeared before the House Rules Committee on Tuesday in opposition to the granting of a closed rule on H. R. 1, and I am objecting to a closed rule today. Such a rule deprives the membership of the opportunity to work its will upon a piece of legislation that is of the most vital importance to our country. Time after time, we Members who represent districts in which are located chemical plants, glass plants, pottery plants, and coalmines have spoken about the serious problems confronting those industries. We have begged and pleaded and implored for recognition of the disastrous conditions which prevail in many areas, and our efforts have been in vain. As a consequence, I believe, and I know that my belief is shared by others, that the only way relief and protection will be given to our domestic industries and the American people will be by sheer force of numbers in amending the bill that is before us. We can only do this under an open rule which will permit us to go over the bill piece by piece and word by word and amend it in such a way that the escape clause will no longer be a joke as it has been under the prevailing setup. We must not dare, in the face of critical world conditions, to permit the continued destruction of our domestic industries.

The present Trade Agreements Act does not expire until June. We have ample time in which to study this legislation. We are not facing an immediate deadline, and it behooves us to assume the responsibility which is ours under the Constitution.

I urge the Members of this House to take a firm stand against a closed rule.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question.

Mr. BAILEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 178, nays 207, not voting 49, as follows:

[Roll No. 8]

YEAS—178

Addonizio	Bates	Brooks, Tex.
Albert	Bennett, Fla.	Brown, Ga.
Alger	Blatnik	Brownson
Allen, Calif.	Boggs	Broyhill
Allen, Ill.	Boland	Byrnes, Wis.
Anfuso	Bolling	Cannon
Arends	Bolton	Celler
Ashley	Frances P.	Chase
Avery	Bonner	Christopher
Ayres	Bowler	Church
Bass, N. H.	Boyle	Cooley
Bass, Tenn.	Brooks, La.	Cooper

Coudert	Holtzman	O'Neill
Cramer	Hope	Passman
Crumpacker	Hull	Patman
Cunningham	Ikard	Pelly
Curtis, Mass.	Johnson, Wis.	Pillion
Davidson	Jones, Ala.	Poage
Deane	Jones, Mo.	Preston
Delaney	Karsten	Price
Derounian	Kelly, N. Y.	Priest
Diggs	Keogh	Rabaut
Dingell	Kilburn	Ray
Dollinger	Kilgore	Reed, N. Y.
Dolliver	King, Calif.	Reuss
Dondero	Kirwan	Rhodes, Ariz.
Donovan	Klein	Rodino
Dorn, N. Y.	Kluczynski	Rogers, Fla.
Durham	Knutson	Rooney
Evins	Krueger	Rutherford
Fallon	Lankford	St. George
Fascell	LeCompte	Schwengel
Fine	Lesinski	Scott
Ford	Long	Sheehan
Fountain	Lovre	Sheppard
Frazier	McCarthy	Sikes
Frelinghuysen	McCormack	Simpson, Ill.
Friedel	McCulloch	Smith, Miss.
Gary	McDowell	Smith, Va.
Gathings	McVey	Springer
Gordon	Macdonald	Teague, Tex.
Gregory	Machrowicz	Thomas
Griffiths	Madden	Thompson, N. J.
Gubser	Magnuson	Thompson, Tex.
Hagen	Mahon	Thornberry
Hale	Marshall	Trimble
Haley	Martin	Udall
Halleck	Matthews	Vanik
Harden	Morrow	Vinson
Hardy	Miller, Md.	Weaver
Harris	Miller, Nebr.	Wharton
Harrison, Nebr.	Mills	Wier
Harrison, Va.	Morano	Wigglesworth
Harvey	Moulder	Williams, N. J.
Hayworth	Multer	Wilson, Ind.
Herlong	Murray, Ill.	Wright
Heseltun	Murray, Tenn.	Younger
Hinshaw	Norrell	Zablocki
Hollifield	O'Brien, Ill.	Zelenko
Holmes	O'Hara, Ill.	

NAYS—207

Abbitt	Davis, Ga.	Jones, N. C.
Abernethy	Davis, Wis.	Kearney
Adair	Dawson, Utah	Keating
Alexander	Denton	Kee
Andersen,	Devereux	Kelley, Pa.
H. Carl	Dies	Kilday
Andresen,	Dixon	King, Pa.
August H.	Dodd	Knox
Andrews	Donohue	Laird
Ashmore	Dorn, S. C.	Landrum
Aspinall	Dowdy	Lane
Auchincloss	Doyle	Lanham
Bailey	Edmondson	Latham
Baker	Elliott	Lipscomb
Baldwin	Engle	McDonough
Barden	Feighan	McIntire
Barrett	Fenton	McMillan
Baumhart	Fernandez	Mack, Ill.
Beamer	Fino	Mason
Becker	Fisher	Metcalf
Bell	Fjare	Miller, Calif.
Bennett, Mich.	Flood	Miller, N. Y.
Berry	Flynt	Minshall
Betts	Fogarty	Mollohan
Blicht	Forand	Morgan
Bosch	Forrester	Moss
Bow	Fulton	Mumma
Boykin	Gavin	Natcher
Bray	Gentry	Nelson
Brown, Ohio	Granahan	Nicholson
Buchanan	Grant	Norblad
Burdick	Gray	O'Brien, N. Y.
Burleson	Green, Oreg.	O'Hara, Minn.
Burnside	Green, Pa.	O'Konski
Bush	Gross	Osmer
Byrd	Gwinn	Ostertag
Eyrne, Pa.	Hand	Patterson
Canfield	Hays, Ohio	Perkins
Carlyle	Henderson	Pfost
Carnahan	Hiestand	Philbin
Carrigg	Hoffman, Ill.	Phillips
Cederberg	Hoffman, Mich.	Pilcher
Chatham	Holt	Poff
Chelf	Hosmer	Polk
Chenoweth	Huddleston	Quigley
Chudoff	Hyde	Rains
Clark	James	Reed, Ill.
Colmer	Jarman	Rees, Kans.
Coon	Jenkins	Rhodes, Pa.
Corbett	Jennings	Richards
Cretella	Jensen	Riehlman
Curtis, Mo.	Johansen	Riley
Dague	Jonas	Rivers

Roberts	Sisk	Van Zandt
Robeson, Va.	Smith, Kans.	Velde
Robson, Ky.	Staggers	Vorys
Rogers, Colo.	Steed	Vurseil
Rogers, Mass.	Sullivan	Walter
Rogers, Tex.	Taber	Watts
Roosevelt	Taylor	Westland
Sadlak	Teague, Calif.	Whitten
Saylor	Thompson, La.	Wickersham
Schenck	Thompson,	Widnall
Scherer	Mich.	Williams, Miss.
Scrivner	Thomson, Wyo.	Williams, N. Y.
Scudder	Tollefson	Willis
Seely-Brown	Tuck	Wilson, Calif.
Selden	Tumulty	Winstead
Shuford	Utt	Withrow
Simpson, Pa.	Van Pelt	Woiverton

NOT VOTING—49

Beicher	Hays, Ark.	Morrison
Bentley	Hébert	Powell
Boiton,	Hess	Prouty
Oliver P.	Hill	Radwan
Buckley	Hillings	Reece, Tenn.
Budge	Hoeven	Shelley
Chiperfield	Horan	Short
Clevenger	Jackson	Sieminski
Cole	Johnson, Calif.	Siler
Davis, Tenn.	Judd	Smith, Wis.
Dawson, Ill.	Kean	Spence
Dempsey	Kearns	Talie
Eberharter	McConnell	Wainwright
Ellsworth	McGregor	Wolcott
Gamble	Mack, Wash.	Yates
Garmatz	Mailliard	Young
George	Meador	

So the previous question was not ordered.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Hess against.
 Mr. Shelley for, with Mr. Dempsey against.
 Mr. Judd for, with Mr. Short against.
 Mr. Garmatz for, with Mr. Johnson of California against.
 Mr. Kean for, with Mr. Cole against.
 Mr. Morrison for, with Mr. Reese of Tennessee against.

Until further notice:

Mr. Spence with Mr. Bentley.
 Mr. Hays of Arkansas with Mr. Chiperfield.
 Mr. Yates with Mr. McConnell.
 Mr. Sieminski with Mr. Mailliard.
 Mr. Powell with Mr. Oliver P. Bolton.
 Mr. Dawson of Illinois with Mr. Horan.
 Mr. Davis of Tennessee with Mr. Meador.
 Mr. Buckley with Mr. Ellsworth.
 Mr. Eberharter with Mr. Jackson.

Mrs. FRANCES P. BOLTON, Mr. PASSMAN, and Mr. BROOKS of Louisiana changed their vote from "nay" to "yea."

Mr. MILLER of California changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. BROWN of Ohio. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWN of Ohio: Strike out all after the resolving clause and insert in lieu thereof the following:

"That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed 2 days, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to

the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit."

The SPEAKER. The gentleman from Ohio is recognized.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, the amendment which I have offered simply provides for an open rule which will permit the time on the bill not to exceed 2 days of general debate. It is exactly the same sort of rule as the one we had before us except it strikes out the gag or closed rule portion.

The adoption of this amendment will permit the House to work its will and to offer any amendment that is germane to H. R. 1 when it is considered under the 5-minute rule.

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. Actually this is the same as the 1951 rule.

Mr. BROWN of Ohio. This is practically the same as the 1951 rule. It is an open rule. The 1951 rule, if I remember correctly, provided for 5 hours of general debate. The amendment I have offered permits the time on the bill not to exceed 2 days of general debate.

Mr. FLOOD. Outside of that, it is the usual rule?

Mr. BROWN of Ohio. Outside of that it is the usual open rule.

Mr. Speaker, I move the previous question.

The SPEAKER. Is the gentleman going to yield time?

Mr. BROWN of Ohio. I have no requests for time.

The SPEAKER. Does the gentleman from Virginia require time?

Mr. SMITH of Virginia. I do not know that I desire to say very much about it except that as a practical matter I feel the bill should be considered under the closed rule.

The SPEAKER. Does the gentleman from Ohio yield to the gentleman from Virginia?

Mr. BROWN of Ohio. I yield to the gentleman from Virginia.

Mr. SMITH of Virginia. Mr. Speaker, if we are going to open this up to general amendments under the 5-minute rule, it would be hardly necessary to have as much as 2 days of debate. I was wondering if the gentleman would not be willing to cut general debate and get on to the final matter of amending this bill which, unless I am very much mistaken, will take you a good many days.

Mr. BROWN of Ohio. If the gentleman desires, I am perfectly willing to accept an amendment to reduce general debate to 1 day or to have 5 hours of general debate.

Mr. SMITH of Virginia. I would suggest the amendment that we reduce it to 1 day of general debate.

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent to amend my amendment by inserting "5 hours" instead of 2 days.

The SPEAKER pro tempore (Mr. HARRIS). Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SMITH of Virginia. The gentleman has yielded me a half hour?

Mr. BROWN of Ohio. Mr. Speaker, I yield the gentleman a total of 30 minutes.

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the Speaker, the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Speaker, the House on this last vote has done a most unusual thing and under the circumstances a very dangerous thing. If the amendment offered by the gentleman from Ohio [Mr. BROWN] is adopted and we go into the Committee of the Whole for the purpose of offering and considering amendments, I wonder what kind of situation some Members who are interested in certain amendments are going to find themselves in from the practical standpoint? You may get your amendment on and then you would feel compelled to vote for whatever came out of the Committee of the Whole even though there were a dozen amendments adopted that you seriously objected to.

Only once in the history of the House in 42 years in my memory has a bill of this kind and character been considered except under a closed rule. How long it is going to take, how far afield you will go, I do not know. There are some people who are against any kind of reciprocal-trade arrangements. It is perfectly proper that they should vote for an open rule and cripple the bill just as much as they can. But if a closed rule is adopted, they will have the opportunity to vote on a motion to recommit which may be substantive and they can register themselves at that time. But to proceed in this fashion, in my opinion, is a great mistake.

Let me tell you something about the labor situation. Everybody wants labor employed at good hours, at reasonable wages; but suppose we do not trade with the rest of the world. Money does not cross the ocean to balance trade between country and country; it is surplus goods for surplus goods. And, we are no longer a debtor nation; we are the great creditor nation of the world. We are no longer a small producing nation; we are the greatest surplus-producing nation upon the face of the earth, and we have got to have it so that we can trade freely with the rest of the world, or our factories will close and more thousands upon thousands of laboring men will be turned out of their jobs just because we refused to trade goods for goods with them.

We are living in a complex civilization. We are the leaders of the world as a democracy. We have been challenged for the leadership of the world, and we must assume it and carry it out, or neither the United States of America nor any other place will be a fit place to live. We are the strongest nation upon the face of the earth from an economic

standpoint, and we have become that because we have traded with the other nations of the world.

So, as an old friend to all of you, as a lover of the House of Representatives and its procedures, I ask you to vote down this amendment offered by the gentleman from Ohio [Mr. BROWN].

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. RAYBURN. I yield to the gentleman from Massachusetts.

Mr. MARTIN. If we vote down the amendment of the gentleman from Ohio [Mr. BROWN] that will bring the vote upon the rule as it was adopted by the committee; will it not?

Mr. RAYBURN. On the original rule, that is correct, and I think that is the proper procedure, and then everyone can vote as he thinks best and according to his conscience.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, I have the greatest respect for our distinguished Speaker, the gentleman from Texas [Mr. RAYBURN]. He has been here 42 years, and I have been here only 30 years. But this is not the situation as he portrays it so far as I am concerned. This is a fine opportunity for the House to work its will. Many of you Members here have stood up many times and said, "I am against a gag rule." Now is the time for you to work it out. How can you do it? What can you do here? You can pass the motion made by the gentleman from Ohio [Mr. BROWN], and then we can go to work. There will not be more than 4 or 5 amendments offered. You Members who represent the textile industry can get together; you men who represent the coal industry can get together, and you others who have been sadly abused can get together and offer your amendments, and we can adopt them or vote them down. Then you will have had a chance.

The thing for you to do is to support this amendment and let us go to work and get something done which we can do ourselves.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Louisiana [Mr. BOGGS].

Mr. BOGGS. Mr. Speaker, I am convinced that before we vote on this amendment that every Member of this body should thoroughly understand exactly what we are doing. If the amendment offered by the gentleman from Ohio prevails, it means that for the first time in many, many years we will attempt to write on the floor of this body a tariff bill. It means that the various groups and interests who for one reason or another feel that they have been aggrieved will do just exactly what my distinguished friend from Ohio said a moment ago; they will get together and then have the finest exhibition of logrolling that we have had in this body in many, many a year.

If we want to do that, all good and proper. But I should like to address myself first to my colleagues from the South. To me it is fantastic that in our great section of the country, where we

must export 60 percent of our rice, 40 percent of our tobacco, 30 percent of our cotton, where our economy is closely tied in with the trade of our Nation with other nations of the world, that we should lend ourselves to this proposal which can only mean in the ultimate the scuttling of the Trade Agreements Act; because that is what is involved here.

Insofar as my good friends on the left are concerned, I find myself in the position of speaking for the program of the President of the United States. What is the history of this legislation? Two years ago the President said, "Let us study the matter." We continued the trade-agreements program for 1 year. Thereupon we gave him the authority and the power to create a commission, which was created, and known as the Randall Commission. That Commission was made up of Members of this body, of the other body, and of the public at large. That Commission reported back to the Congress of the United States and made its recommendations, last year.

Thereupon, in March of last year, the President of the United States transmitted a message to this body embodying substantially the recommendations of that Commission. They were not considered at that time by the Ways and Means Committee, but we instead adopted another continuing resolution for 1 year.

At the beginning of this session, the first economic message of the President of the United States dealt with this program. He called it a moderate program. Believe me, it is a moderate program. Many people have recommended that we extend trade agreements for at least 5 years. Many, including those who studied the program on the President's own Commission, have felt that the escape clause and the peril point were too broad, not too thin, as some contend.

So we continued that language, with additional safeguards. Now by a series of, shall I call them concerted actions—one industry collaborating or getting together or logrolling, or whatever you want to call it, with another, in order to influence a majority of the Members of this body to defeat the President's program—they want to send a message out to the world that we are turning the clock back and are abandoning the reciprocal-trade program.

I hope the House will vote "no" on this proposal.

Mr. BROWN of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Speaker, with reference to the remarks of the gentleman from Louisiana [Mr. BOGGS], I should like to say that if the gentleman were frank with you he would tell you that the State of Louisiana has an import quota on Puerto Rican and Cuban sugar. He ceased to be a free trader back in 1934. He is a high protectionist now. And he is accusing me and other people here who want a chance of some little protection of their own, of being high protectionists. I think that is all I need to say about the gentleman's remarks.

It is with regret that I have to call the attention of my colleagues to the remarks of our beloved Speaker. But let me remind the distinguished gentleman from Texas [Mr. RAYBURN], whom we have highly honored for many years, that we handled this same legislation under an open rule in 1951. I offered, and we approved, the so-called escape-clause provision that Mr. Dulles and other people justified before the committee, and said, when asked about it, that they thought it should remain in the legislation. There is nothing wrong with the escape clause. The only trouble with it is that the Tariff Commission and the State Department and the President have gone about it to see that the escape clause is not carried out by circumventing the Tariff Commission.

I can assure the distinguished gentleman from Texas that not over 4 or 5 amendments will be offered to this legislation when we go into the Committee of the Whole. We want the escape clause clarified. We want an opportunity to decide whether we are going to have an import quota on residual oil to protect the coal industry. There are perhaps 1 or 2 more major amendments that will be offered, but I can assure you that will be the limit of it. So do not let them drive you into undoing what you have just done. You decided by your vote when you beat the motion for the previous question that you wanted to open this up to give all Members an opportunity to offer amendments to the bill. You are doing that now, and you will do it when you adopt the substitute resolution offered by the gentleman from Ohio [Mr. BROWN], which is exactly the same rule under which we operated in 1951.

I am willing to trust my colleagues of the House. If we from West Virginia cannot win an import quota on residual oil, we will take our licking, as we always have in the past. This is not the first time we have asked for these things. All I am asking you is that you give us the chance to present our plea before the House. If we cannot convince you of the merits of the case, then do otherwise. In the meantime, stand firm. Let us go through with what we have started.

Mr. KELLEY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. KELLEY of Pennsylvania. Why not amend the rule and confine it to amendments that were offered before the Committee on Ways and Means, and have the House vote on that, instead of having a number of amendments offered that were not even considered by the Committee on Ways and Means? I repeat, let us amend the rule so that only those amendments can be offered that were considered by the Committee on Ways and Means.

Mr. SMITH of Virginia. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia [Mr. LANHAM].

Mr. LANHAM. Mr. Speaker, I have the greatest respect for the Speaker of the House. I do not believe that since I have been here I have differed with him more than once or twice. I not only

have great respect for him but I hesitate to oppose him on the floor; but I feel that I should make clear my opposition to this rule. However, I have supported the reciprocal trade agreements program in the past. I still think we ought to support it.

I have great respect and admiration too for the distinguished gentleman from Tennessee [Mr. COOPER] who is following the illustrious Cordell Hull of his State.

However, now that it has come home to me that this peril point and the escape clause are insufficient to protect those industries that are threatened actually with destruction, I simply cannot go along unless this bill is changed so as to make effective those clauses that were intended to protect industries that were about to be destroyed.

I went before the Committee on Ways and Means and very frankly told them of my fears for the textile industry in the South. In their wisdom they did not see fit to strengthen the protective clauses. The only thing I am interested in here now is strengthening these clauses that will protect our industries. I shall not offer any amendment, and I hope no one else is going to offer an amendment to exempt the textile industry or any other. All I am interested in here is in strengthening these clauses so that if this industry or any other industry is threatened, as I believe the textile industry is, by the importation of textiles from Japan made by cheap labor where the wage scale is about 13½ cents an hour as compared with our wage scale in America of \$1.32 an hour. If you will do that, I promise you so far as I am concerned, I will not offer or support any amendment to exempt any special industry. The only thing I am interested in is making these clauses effective, and the only way we can do that, as I see it, is to make the recommendation of the Tariff Commission final in these cases. The executive department has set up what is called a Committee on Reciprocity Information. The purpose of that committee is to gather information which will enable the President to contradict what the Tariff Commission has told him in its findings. It is set up for that purpose. In only 2 cases out of 10, as I recall, has the President followed the recommendations of the Tariff Commission. I say that we ought to stick to our vote and I ask you to vote for this motion offered by the gentleman from Ohio.

Mr. SMITH of Virginia. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. FLYNT].

Mr. FLYNT. Mr. Speaker, I am somewhat reluctant to take the floor at this time, but in fairness to the men and women who are employed in every industry in America, I feel I must do so. The district which I have the honor to represent is a large textile district, but I would take the same position I am now taking if there were not an industrial plant anywhere in that district today. The position I take is one which I think is fair. I think it is honorable, and I certainly think it is American. I certainly yield to our distinguished Speaker in number of years of service for he was a Member of this House before I was born but I do not yield to the

Speaker or any other Member of this House in my devotion to America and to men and women of America who work for a living. On this last vote which was just taken, I think every Member of the House knew the issue which was being voted upon. It was to obtain the right of the Members of the House to once again assume the sovereignty of the legislative body, which we are. This bill, H. R. 1, is favored in principle by all of us. All of us are for it in principle. I know that every Member of the Georgia delegation is for it in principle. I know I am for the basic principle of reciprocal trade, but I am not for this rule, any other rule, or any piece of legislation which would yield the sovereign authority of the House of Representatives to the executive branch of the Government or some international conference at Geneva. The House of Representatives must assert its own sovereignty in matters of legislation and particularly on matters which are close as they were in the Committee on Ways and Means which reported out this bill. Mr. Speaker, I am opposed to this rule in its present form, and I ask the Members of the House to have the courage to stand fast on the position which they have just taken.

Mr. BROWN of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Speaker, I want to thank my good friend, the gentleman from Ohio, for permitting me to have 4 minutes. I want to say I listened to your remarks with a great deal of interest and with a great deal of respect. Also to my very good friend, the gentleman from Massachusetts [Mr. MARTIN]. I might say to you both that your years in this House—your experience, eminently qualifies you to present to us your thinking on legislative proposals, and that I have a very high regard and deep respect for your judgment. However, it is quite evident today, from the action that the House has taken, that we, representing the various districts throughout the United States intend to recapture some of the things that rightfully belong to us, and that is protection of American industry and its workers. This vote today is evidence that the House is not satisfied with the present setup and it is regrettable that we have to resort to the technique we have to secure recognition and consideration from those who are handling these reciprocal-trade agreements. These reciprocal trade programs should work both ways. Those handling these programs seemingly have an utter disregard for the problems of our respective districts and the industries upon which they depend for their existence. You might appeal to them but they pay little or no attention to your appeals. It seems they are just interested in seeing how they can develop and protect the economic and industrial areas all over the world but not those back home. When we come to them with a problem, such as cutting back the heavy imports, well, a study is being made and a report will be submitted relative to coal, oil, and gas, but we still are waiting on the report from the Cabinet Commission headed by Arthur Flem-

ming. Let me say that my State, the great State of Pennsylvania, is having the toughest time of its life for its very industrial existence. Today the Pennsylvania grade crude field is producing only 40,000 barrels of oil, which is a trifling amount in a Nation producing 6½ million barrels a day; we are fighting for our very existence in the petroleum industry. Hundreds of people are gainfully employed in the industry. Continual heavy imports will affect these employees. We have 80,000 wells producing 40,000 barrels of oil, or about one-half a barrel per well per day. We have to compete with the wells in Venezuela that produce several thousand barrels a day which is tough competition. Certainly we are entitled to some protection from this form of competition. For instance in 1947, they were importing some 350,000 barrels a day and today they are up to 1,200,000 barrels a day. So it is about time to cut back on these imports so the American independent producer can exist. This whole program should be developed so that the American workingman and the American people have an opportunity to live. Each year our own national production of oil goes down and imports go up. If we are suddenly catapulted into an emergency, if our supplies are shut off from Venezuela and Iran, we would be in a very serious position. Today we are killing the ambition of our people to increase our production of oil. The other day I received a book about an inch thick on the development of a South American country. I was surprised at the work and study that went into publishing such a volume. Nobody publishes a book on the deplorable conditions in the coal industry or what we can do and how we can do it, to afford relief in the distressed coal areas existing in Pennsylvania and the other coalfields of the various States.

The SPEAKER. The time of the gentleman from Pennsylvania [Mr. GAVIN] has expired.

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Speaker, I fully agree with the splendid remarks made by our beloved and distinguished Speaker with respect to the question now presented to this House for consideration.

I would like to give my colleagues the benefit of a few facts, especially with respect to the cotton textile industry about which some have spoken here today. The fact is that we export ten times more cotton textiles than we import. The facts show that in 1953 our cotton textile production was 10 billion square yards. Of that amount we exported 600 million square yards and we imported only 50 million square yards. That is an illustration of the facts that prevail with respect to this legislation.

Your Committee on Ways and Means gave thorough and careful consideration to all of the facts that were available and presented, and we have presented this legislation for your consideration.

I strongly urge that the motion of the gentleman from Ohio [Mr. BROWN], be voted down and then that we vote for the rule presented here by the Committee on Rules.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. HALLECK. I think it would be well to clarify the parliamentary situation: If the motion of the gentleman from Ohio is voted down then we still have a vote on the rule.

Mr. COOPER. The gentleman is correct. And just one other point: The Secretary of Labor appearing before our committee stated that 4½ million jobs in this country are involved in our foreign trade.

Mr. BAILEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman from Ohio yield for a parliamentary inquiry?

Mr. BROWN of Ohio. For a parliamentary inquiry only.

Mr. BAILEY. Was the gentleman's motion in the form of a substitute or an amendment?

Mr. BROWN of Ohio. It, of course, was an amendment to the rule. The gentleman I think knows that.

Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Speaker, I regret to find myself in disagreement with the distinguished leadership of the House. I concede that it would be easier to gag ourselves and escape the responsibility which is placed upon us by the Constitution, but I believe that we can trust ourselves better than we can trust any agency of this Government. If we cannot trust ourselves, we cannot trust some agency of this Government.

I believe the House will exercise great restraint and good judgment in deciding the various issues which will be presented in the course of the debate and the amendments to the bill. As for me, I am tired of this argument that we ought to delegate power to someone else because we cannot trust ourselves to discharge the responsibility which under the law we owe this country.

I voted for the reciprocal trade program from the beginning, but I believe it has been abused. I believe they have failed to take into account the will of the Congress as expressed in the act. I think there have been many injustices and I believe the whole question should be opened to the House. We ought to consider the arguments, be guided by the facts, and do that which is in the best interests of the country.

Mr. GAVIN. Mr. Speaker, will the gentleman yield?

Mr. DIES. I yield.

Mr. GAVIN. As it stands now, the Reciprocal Trade Act is a one-way street. What we should do is to make it a two-way street to protect the bread and butter of the American worker in competition with the rest of the world.

Mr. DIES. I agree with the gentleman. We have passed through a period of internationalism until some people think more about what will happen to the Hottentots than what will happen to

our own people. I think charity ought to begin at home. I am still an old-fashioned American who believes that we ought to consider first the interest of our country. I think some people in our country are suffering as a result of unfair competition and the importation of the products of cheap pauper labor.

I want to hear the facts. If the proponents of an amendment fail to support their position with logic and with argument and with facts, I will be against it, but I think the time has come when the membership has to face the responsibility we owe the American people.

Mr. Speaker, I shall vote for the amendment.

Mr. BROWN of Ohio. Mr. Speaker, I yield 10 minutes to the gentleman from Pennsylvania [Mr. SIMPSON].

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I have played an active part in the Committee on Ways and Means as we listened to the dozens upon dozens of witnesses who came in front of that committee either speaking for H. R. 1 or opposing it. I suggested awhile ago that the controlling factor which every person who appeared in front of that committee—and I am going to make no exceptions—was the interest of that Member of Congress or that other individual in what was good for his congressional district or what was good for his industry or his business. That applies to the man who is a Member of Congress or to the man engaged in exporting or importing or the man who manufactures largely for the trade here at home. I do not consider that selfishness. I consider that the American way of conducting business; to look after your own, to take care of the people in your own town, within your own congressional district, and I am not a bit surprised when a Member of Congress stands up here and says that the little business, if you please, in his congressional district has not been able to get the relief which he knows is needed for that industry and for that district.

Frankly, it is ridiculous to have somebody come from a government agency and tell a committee of this Congress that there is no unemployment in my congressional district or in your district, that there is no industry in your district which is badly affected by the importation of goods coming in here too cheaply. It is foolish on their part, it is unrealistic and to you who know differently it is just absurd, so absurd in fact that given the opportunity which you had a few minutes ago to speak up and say aloud and publicly: "What I want to do is to protect the jobs in my congressional district" you did so.

Now it is being suggested that having marched up the hill you will turn around and march down again, that having made a record which someone can look at and say: "You voted to protect the business of your congressional district, you made that record," now you are going to walk down the hill again. I do not believe you will do that.

Consequently I ask you to support the amendment which has been offered by the gentleman from Ohio [Mr. BROWN].

What would be the consequences of supporting the amendment offered by the gentleman from Ohio? In the first place, the chairman in charge of the legislation will be the gentleman from Tennessee [Mr. COOPER], chairman of the Ways and Means Committee. This is my first opportunity as a member of the Ways and Means Committee to express a word with respect to the gentleman from Tennessee [Mr. COOPER], who conducted the hearings in which I think I played an important part. He conducted those hearings fairly and he impressed me. So I went around to his office after the hearings closed and said to him as directly as I could: "Mr. COOPER, I want to compliment you upon the fair and diligent way in which the hearings were conducted."

On the Republican side of the aisle is the gentleman from New York [Mr. REED] than whom there is no fairer Member of Congress to be in charge of the legislation. Both of these gentlemen are long experienced in the legislative processes. Each of those gentlemen knows that we can handle this legislation, giving every Member of Congress the right to be heard in a constructive manner, not rising to suggest dozens or hundreds of little amendments, about which you have heard this afternoon, but in the 5 hours of general debate to gradually evolve certain categories in which certain amendments will fall and which will be acted on by the House in the Committee of the Whole under the guidance of the chairman of the Ways and Means Committee, the gentleman from Tennessee [Mr. COOPER] and the gentleman from New York [Mr. REED].

There will be constructive legislation come out of that on problems of greatest importance to your congressional districts. You owe it to the people of your district to know exactly what goes on and not have some committee, and I am referring to my own committee, write this legislation behind closed doors.

Mr. COLMER. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from Mississippi.

Mr. COLMER. The gentleman will recall that in 1951 we had an open rule on a similar piece of legislation. Can the gentleman tell the House how long it took to consider that piece of legislation?

Mr. SIMPSON of Pennsylvania. Really, I cannot recall so far as the facts are concerned. I recollect I had a part in it, as did many others. I think we did it in one day, maybe 2 days, whatever it was.

Let me tell you this: In that bill to which the gentleman refers we passed on the floor the escape clause on the motion of the gentleman from West Virginia [Mr. BAILEY] and the peril-point provision, which are the only two pieces of legislation in the Reciprocal Trade Agreements Act that give any relief whatever. I wish you would listen to this. The escape clause and the peril point are the only sections in the Reciprocal Trade Agreements Act which give any possibility of hope to a businessman who suffers today, and that was

written right here on the floor, and that is one of the categories where we must do something, namely, by improving the escape clause, if we are going to protect industry back home.

Mr. COLMER. I think it rather important to clarify that. The gentleman's recollection is that it was one day. Would the gentleman say that it was not more than 2 days?

Mr. SIMPSON of Pennsylvania. It makes no difference. It was done here on the floor in an open meeting, a result openly arrived at and satisfactory to everybody.

Mr. BAILEY. Mr. Speaker, will the gentleman yield in an effort to answer the question?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from West Virginia.

Mr. BAILEY. Like the amendment offered by the gentleman from Ohio, it called for 5 hours of general debate.

Mr. SIMPSON of Pennsylvania. Let me put it this way: What we did that day gave the one and only way for relief to a business or the man who lost his job as the result of too low a tariff, and we did that here on the floor, and we should improve it in this legislation before us now.

Someone suggested that this amendment should be changed, that only amendments could be considered which were considered by the Committee on Ways and Means. It would not be satisfactory to limit amendments to those considered by the Committee on Ways and Means, because, as a matter of fact, we were forced to move very rapidly, and amendments of importance were not offered in that committee.

No, gentlemen. Under the guidance of these two distinguished gentlemen, the chairman and the former chairman of the Committee on Ways and Means, I know that this House can and will rise to its responsibility and will perfect legislation properly amending and extending the reciprocal trade-agreement program.

I believe in the reciprocal method of making agreements. I am opposed to the kind of agreements which we have been making, particularly as they have been treated by foreign countries. Do you know that there are more restrictions against free trade today, more restrictions today, than there were back in 1932 when we started this so-called reciprocal trade-agreement program? And, we have traded away the high tariffs we had in that day; but the other countries have imposed barriers after having implied or agreed that they would not do so.

So, gentlemen, it requires a far higher degree of Yankee trading—which is what we were told the reciprocal trade agreement provided for, Yankee trading—we require a far higher degree of Yankee trading than we have had at any time in the past.

I urge that the House adjust itself to this problem and adopt the amendments which will give protection to American industry and the American farmer who needs protection if he is to maintain a

market here at home first and after that have a market abroad to sell his produce.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may consume.

(Mr. BROWN of Ohio asked and was given permission to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, I shall not take the time of the House but for a very few moments. The situation which confronts us is simply this, as I understand it. The House has voted down the previous question on the rule as it came from the Committee on Rules. By that action it made it possible to amend the rule. I am convinced that the House took the action it did in voting down the previous question because of a desire on the part of a majority of the House to have an open rule and an opportunity to offer amendments to H. R. 1 and have them considered on the floor of the House in the usual manner.

Now as I understand the situation, if the amendment which I have offered, an amendment which simply provides for an open rule in the usual manner with 5 hours of debate, should be voted down, then the rule remains exactly as it was when it was introduced; it remains a closed or a gag rule. The question will then arise as to whether or not the House which just a few minutes ago voted down the previous question, thereby indicating its desire to have an open rule, wants to turn around and march down the hill again and vote for a closed or gag rule as it was in its original form.

For the purpose of clarifying the situation, Mr. Speaker, I should like to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BROWN of Ohio. I should like to ask the Chair whether or not, if this amendment is voted down, the question will then arise on the adoption of the original rule.

The SPEAKER. The Chair answered that question when he had the floor, when the question was asked by the gentleman from Massachusetts [Mr. MARTIN]. That is the situation.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. I understood the reason for the opposition to the gentleman's amendment to be that the Members of the House did not have the ability to write an amendment; is that correct?

Mr. BROWN of Ohio. I do not know why the opposition arose. But certainly the House did express its will in voting down the previous question. Certainly it did indicate to every thoughtful person that there was a desire here by a majority of the membership of this House to have an open rule. And it was for that reason that I offered this amendment. And if this amendment is adopted, Members of the House will have an open rule and the opportunity to work their will on this bill. If the amendment is defeated, then the only question before the House will be whether the House wants to adopt a closed or gag rule or

whether it wants to defeat the rule entirely and send the resolution back to the committee for further consideration.

Mr. VORYS. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to my colleague from Ohio.

Mr. VORYS. I was a member of the Randall Commission. I approved its recommendations. I approve the general principles expressed in H. R. 1. But I do not feel that the Randall Commission necessarily possessed all the wisdom in the world or that the great Committee on Ways and Means possesses all the wisdom in the world. I think this Congress is about as good as the Congress was in 1951, when we considered trade agreement extension under an open rule. I am supporting the amendment of the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. I thank the gentleman from Ohio. I want to repeat—and then I am through—that the only question before the House in voting this amendment, the only point, regardless of all the oratory that has taken place, is whether the House wants an open rule or whether the House wants to reverse itself and go back to the closed or gag rule, which will prevent the Members of the House and other Members of Congress from working their will on H. R. 1.

Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on the amendment offered by the gentleman from Ohio [Mr. BROWN].

Mr. McCORMACK and Mr. BAILEY demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 191, nays 193, not voting 50, as follows:

[Roll No. 9]

YEAS—191

Abbott	Chatham	Green, Pa.
Abernethy	Chenoweth	Gross
Adair	Chudoff	Gwinn
Alexander	Church	Hale
Andersen,	Clark	Hand
H. Carl	Colmer	Harden
Andresen,	Coon	Hays, Ohio
August H.	Cretella	Henderson
Andrews	Cunningham	Hiestand
Ashmore	Curtis, Mo.	Hoffman, Ill.
Auchincloss	Dague	Hoffman, Mich.
Bailey	Davis, Ga.	Holt
Baker	Davis, Wis.	Hyde
Baldwin	Dawson, Utah	James
Barden	Denton	Jarman
Barrett	Devereux	Jenkins
Baumhart	Dies	Jennings
Beamer	Dodd	Jensen
Becker	Donohue	Johansen
Belcher	Dorn, S. C.	Jonas
Bennett, Mich.	Dowdy	Jones, N. C.
Berry	Edmondson	Kearney
Betts	Elliott	Keating
Blitch	Engle	Kee
Bosch	Feighan	Kelley, Pa.
Bow	Fenton	Kilday
Bray	Fernandez	King, Pa.
Brown, Ohio	Fino	Knox
Buchanan	Fisher	Laird
Burdick	Flood	Landrum
Burleson	Flynt	Lane
Burnside	Fogarty	Lanham
Bush	Forand	Latham
Byrd	Forrester	Lipscomb
Byrne, Pa.	Fulton	McCulloch
Canfield	Gavin	McDonough
Carlyle	Gentry	McIntire
Carnahan	Granahan	McMillan
Carrigg	Gray	McVey
Cederberg		Macdonald

Mack, Ill.
Mason
Morrow
Miller, N. Y.
Minshall
Mollohan
Morgan
Moss
Mumma
Natcher
Nelson
Norblad
O'Brien, N. Y.
O'Hara, Minn.
O'Konski
Osmers
Ostertag
Patterson
Perkins
Philbin
Phillips
Pilcher
Poff
Polk
Rains

Reece, Tenn.
Reed, Ill.
Rees, Kans.
Rhodes, Pa.
Riehlman
Riley
Roberts
Robeson, Va.
Rogers, Mass.
Sadlak
Saylor
Schenck
Scherer
Scrivner
Scudder
Seely-Brown
Selden
Shuford
Simpson, Pa.
Smith, Kans.
Staggers
Steed
Taber
Taylor
Teague, Calif.

Thompson, La.
Thompson, Mich.
Thomson, Wyo.
Tollefson
Tuck
Utt
Van Pelt
Van Zandt
Velde
Vorys
Vursell
Walter
Westland
Whitten
Wickersham
Widnall
Williams, Miss.
Williams, N. Y.
Willis
Wilson, Calif.
Winstead
Withrow
Wolverton

NAYS—193

Addonizio
Albert
Alger
Allen, Calif.
Allen, Ill.
Anfuso
Arends
Ashley
Aspinall
Avery
Ayres
Bass, N. H.
Bass, Tenn.
Bates
Bell
Bennett, Fla.
Blatnik
Boggs
Boland
Bolling
Bolton,
Frances P.
Bonner
Bowler
Boykin
Boyle
Brooks, La.
Brooks, Tex.
Brown, Ga.
Brownson
Broyhill
Byrnes, Wls.
Cannon
Celler
Chase
Chelf
Christopher
Cooley
Cooper
Corbett
Coudert
Cramer
Crumpacker
Curtis, Mass.
Davidson
Deane
Delaney
Derounian
Diggs
Dingell
Dollinger
Dolliver
Dondero
Donovan
Dorn, N. Y.
Doyle
Durham
Evins
Fallon
Fasell
Fine
Ford
Fountain
Frazier
Frelinghuysen

Friedel
Gary
Gathings
Gordon
Green, Oreg.
Gregory
Gubser
Hagen
Haley
Halleck
Hardy
Harris
Harrison, Nebr.
Harrison, Va.
Harvey
Hayworth
Herlong
Heselt
Hinshaw
Holfield
Holmes
Holtzman
Hope
Hosmer
Huddleston
Hull
Ikard
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Karsten
Kelly, N. Y.
Keogh
Kilburn
Kilgore
King, Calif.
Kirwan
Klein
Kluczynski
Knutson
Krueger
Lankford
LeCompte
Lcsinski
Long
Love
McCarthy
McCormack
McDowell
Machrowicz
Madden
Magnuson
Mahon
Marshall
Martin
Matthews
Metcalf
Miller, Calif.
Miller, Md.
Miller, Nebr.
Mills
Morano
Moulder
Multer
Murray, Ill.

Murray, Tenn.
Nicholson
Norrell
O'Brien, Ill.
O'Hara, Ill.
O'Neill
Passman
Patman
Pelly
Pfost
Pillion
Poage
Preston
Price
Priest
Quigley
Rabaut
Ray
Reed, N. Y.
Reuss
Rhodes, Ariz.
Richards
Rivers
Robson, Ky.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Rutherford
St. George
Schwengel
Scott
Sheehan
Sheppard
Sieminski
Sikes
Simpson, Ill.
Sisk
Smith, Miss.
Smith, Va.
Springer
Sullivan
Teague, Tex.
Thomas
Thompson, N. J.
Thompson, Tex.
Thornberry
Trimble
Tumulty
Udall
Vanik
Vinson
Weaver
Wharton
Wier
Wigglesworth
Williams, N. J.
Wilson, Ind.
Wright
Younger
Zablocki
Zelenko

NOT VOTING—50

Bentley
Bolton,
Oliver P.
Buckley
Budge
Chipperfield
Clevenger
Cole
Davis, Tenn.
Dawson, Ill.

Dempsey
Dixon
Eberharter
Ellsworth
Fjare
Gamble
Garmatz
George
Griffiths
Hays, Ark.

Hébert
Hess
Hill
Hillings
Hoeven
Horan
Jackson
Johnson, Calif.
Judd
Kean

Kearns
McConnell
McGregor
Mack, Wash.
Mailliard
Meador
Morrison

Powell
Prouty
Radwan
Shelley
Short
Siler
Smith, Wis.

Spence
Talle
Wainwright
Watts
Wolcott
Yates
Young

The Clerk announced the following pairs:

On this vote:

Mr. Hess for, with Mr. Hébert against.
Mr. Dempsey for, with Mr. Dawson of Illinois against.
Mr. Short for, with Mr. Judd against.
Mr. Johnson of California for, with Mr. Morrison against.
Mr. Cole for, with Mr. Kean against.
Mr. Bolton for, with Mr. Powell against.

Until further notice:

Mr. Spence with Mr. McConnell.
Mr. Shelley with Mr. Chipperfield.
Mr. Hays of Arkansas with Mr. Bentley.
Mr. Buckley with Mr. Meador.
Mrs. Griffiths with Mr. Mailliard.
Mr. Davis of Tennessee with Mr. Horan.
Mr. Watts with Mr. Jackson.
Mr. Yates with Mr. McGregor.
Mr. Garmatz with Mr. Hoeven.
Mr. Eberharter with Mr. Wolcott.

Mrs. BUCHANAN changed her vote from "nay" to "yea."

Mr. BELL changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. BROWN of Ohio. Mr. Speaker, may I call for a recapitulation?

The SPEAKER. The Chair thinks the vote is close enough so that there should be a recapitulation.

The Clerk will call the names of those voting in the affirmative.

Mr. McCORMACK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McCORMACK. I would like to inquire of the Speaker if my understanding is correct that on recapitulation no Member can change his vote. The question is only how they are recorded.

The SPEAKER. That is true because the vote has been announced.

Mr. BROWN of Ohio. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BROWN of Ohio. Upon recapitulation, if a Member finds that his vote has been recorded incorrectly, he certainly has a right to correct it.

The SPEAKER. That is the purpose of a recapitulation.

Mr. BROWN of Ohio. That is what I thought.

The Clerk called the names of those voting "yea."

The SPEAKER. Are there any Members recorded as voting "yea" who are incorrectly recorded? [After a pause.] The Chair hears none.

The Clerk will call the names of those voting "nay."

The Clerk called the names of those voting "nay."

The SPEAKER. Are there any corrections?

Mr. BROWN of Ohio. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BROWN of Ohio. May I inquire whether or not the name of the gentleman from Louisiana [Mr. HÉBERT] was called?

The SPEAKER. He is not recorded. On recapitulation, the vote is yeas, 191; nays, 193.

So the amendment was rejected.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question on the resolution.

Mr. BAILLY. Mr. Speaker, on this I demand the yeas and nays.

Mr. BROWN of Ohio. Mr. Speaker, the previous question has been moved on the rule as originally reported by the Rules Committee, that being a closed rule; is that correct?

Mr. SMITH of Virginia. That is the way it stands, the gentleman's amendment having been defeated.

The SPEAKER. The question is on ordering the previous question. The gentleman from West Virginia has asked for the yeas and nays.

Mr. BAILEY. Mr. Speaker, will I be given the privilege of asking for a call of the roll on the adoption of the rule?

The SPEAKER. The gentleman may have that privilege, if the previous question is ordered.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

Mr. BAILEY. On that, Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 193, nays 192, not voting 49, as follows:

[Roll No. 10]

YEAS—193

Abbott	Dingell	Kilburn
Addonizio	Dollinger	Kilgore
Albert	Dolliver	King, Calif.
Alger	Dondero	Kirwan
Allen, Calif.	Donovan	Klein
Allen, Ill.	Dorn, N. Y.	Kluczynski
Anfuso	Doyle	Knutson
Arends	Durham	Krueger
Ashley	Evins	Lankford
Auchincloss	Fallon	LeCompte
Ayres	Fasell	Lesinski
Baldwin	Fernandez	Long
Bass, N. H.	Fine	Love
Bass, Tenn.	Ford	McCarthy
Bennett, Fla.	Fountain	McCormack
Blatnik	Frazier	McDowell
Boggs	Frelinghuysen	Macdonald
Bolling	Friedel	Machrowicz
Bolton,	Fulton	Mack, Ill.
Frances P.	Gary	Madden
Bonner	Gathings	Magnuson
Bowler	Gordon	Mahon
Boykin	Gregory	Marshall
Boyle	Gubser	Martin
Brooks, La.	Hagen	Matthews
Brooks, Tex.	Haley	Morrow
Brown, Ga.	Halleck	Miller, Calif.
Brownson	Harden	Miller, Md.
Broyhill	Hardy	Miller, Nebr.
Burleson	Harris	Mills
Byrnes, Wis.	Harrison, Nebr.	Morano
Cannon	Harrison, Va.	Moulder
Carnahan	Harvey	Multer
Celler	Hayworth	Murray, Ill.
Chase	Herlong	Murray, Tenn.
Chelf	Heselt	Norrell
Christopher	Hinshaw	O'Brien, Ill.
Church	Holfield	O'Hara, Ill.
Cooley	Holmes	O'Neill
Cooper	Holtzman	Ostertag
Coudert	Hope	Passman
Cramer	Hull	Patman
Crumpacker	Ikard	Pelly
Cunningham	Johnson, Wis.	Pillion
Curtis, Mass.	Jones, Ala.	Poage
Davidson	Jones, Mo.	Preston
Deane	Karsten	Price
Delaney	Keating	Priest
Derounian	Kelly, N. Y.	Rabaut
Diggs	Keogh	Ray

Reed, N. Y.	Sikes	Vorys
Rhodes, Ariz.	Simpson, Ill.	Watts
Richards	Smith, Miss.	Weaver
Riehlman	Smith, Va.	Wharton
Rivers	Springer	Whitten
Robison, Ky.	Sullivan	Wier
Rodino	Teague, Tex.	Wigglesworth
Rogers, Fla.	Thomas	Williams, N. J.
Rooney	Thompson, La.	Willis
Rutherford	Thompson, N. J.	Wilson, Ind.
St. George	Thompson, Tex.	Wright
Schwengel	Thornberry	Younger
Scott	Trimble	Zablocki
Sheehan	Udall	Zelenko
Sheppard	Vinson	

NAYS—192

Abernethy	Fenton	O'Brien, N. Y.
Adair	Fino	O'Hara, Minn.
Alexander	Fisher	O'Konski
Andersen,	Flood	Osmers
H. Carl	Flynt	Patterson
Andresen,	Fogarty	Perkins
August H.	Forand	Pfost
Andrews	Forrester	Philbin
Ashmore	Gavin	Phillips
Aspinall	Gentry	Plicher
Avery	Granahan	Poff
Bailey	Grant	Polk
Baker	Gray	Quigley
Barden	Green, Oreg.	Rains
Barrett	Green, Pa.	Reece, Tenn.
Bates	Gross	Reed, Ill.
Baumhart	Gwinn	Rees, Kans.
Beamer	Hale	Reuss
Becker	Hand	Rhodes, Pa.
Belcher	Hays, Ohio	Riley
Bell	Henderson	Roberts
Bennett, Mich.	Hiestand	Robeson, Va.
Berry	Hoffman, Ill.	Rogers, Colo.
Betts	Hoffman, Mich.	Rogers, Mass.
Blitch	Holt	Rogers, Tex.
Boland	Hosmer	Roosevelt
Bosch	Huddleston	Sadlak
Bow	Hyde	Saylor
Bray	James	Schenck
Brown, Ohio	Jarman	Scherer
Buchanan	Jenkins	Scrivner
Burdick	Jennings	Scudder
Burnside	Jensen	Seely-Brown
Bush	Johansen	Selden
Byrd	Jonas	Shuford
Byrne, Pa.	Jones, N. C.	Sieminski
Canfield	Kearney	Simpson, Pa.
Carlyle	Kee	Slisk
Carrigg	Kelley, Pa.	Smith, Kans.
Cederberg	Kilday	Staggers
Chatham	King, Pa.	Steed
Chenoweth	Knox	Taber
Chudoff	Laird	Taylor
Clark	Landrum	Teague, Calif.
Colmer	Lane	Thompson,
Coon	Lanham	Mich.
Corbett	Latham	Thomson, Wyo.
Cretella	Lipscomb	Tollefson
Curtis, Mo.	McCulloch	Tuck
Dague	McDonough	Tumulty
Davis, Ga.	McIntire	Utt
Davis, Wis.	McMillan	Van Pelt
Dawson, Utah	McVey	Van Zandt
Denton	Mason	Velde
Devereux	Metcalfe	Vursell
Dles	Miller, N. Y.	Walter
Dixon	Minshall	Westland
Dodd	Molloyhan	Wickersham
Donohue	Morgan	Widnall
Dorn, S. C.	Moss	Williams, Miss.
Dowdy	Mumma	Williams, N. Y.
Edmondson	Natcher	Wilson, Calif.
Ellott	Nelson	Winstead
Engle	Nicholson	Withrow
Feighan	Norblad	Wolverton

NOT VOTING—49

Bentley	Griffiths	Meador
Bolton,	Hays, Ark.	Morrison
Oliver P.	Hébert	Powell
Buckley	Hess	Prouty
Budge	Hill	Radwan
Chipperfield	Hillings	Shelley
Clevenger	Hoeven	Short
Cole	Horan	Siler
Davis, Tenn.	Jackson	Smith, Wis.
Dawson, Ill.	Johnson, Calif.	Spence
Dempsey	Judd	Talle
Eberharter	Kean	Vanik
Ellsworth	Kearns	Walnwright
Fjare	McConnell	Wolcott
Gamble	McGregor	Yates
Garmatz	Mack, Wash.	Young
George	Mailliard	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Hess against.
Mr. Garmatz for, with Mr. Dempsey against.
Mr. Judd for, with Mr. Short against.
Mr. Buckley for, with Mr. Johnson of California against.
Mr. Kean for, with Mr. Cole against.
Mr. Spence for, with Mr. Oliver P. Bolton against.

Until further notice:

Mr. Shelley with Mr. Bentley.
Mr. Hays of Arkansas with Mr. Meador.
Mr. Dawson of Illinois with Mr. McConnell.
Mr. Davis of Tennessee with Mr. Horan.
Mr. Powell with Mr. Mailliard.
Mr. Morrison with Mr. Chipperfield.
Mrs. Griffiths with Mr. Hoeven.
Mr. Vanik with Mr. Jackson.
Mr. Eberharter with Mr. Ellsworth.
Mr. Yates with Mr. McGregor.

Mr. BROWN of Ohio. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BROWN of Ohio. Mr. Speaker, is it not necessary for each Member to qualify on this vote?

The SPEAKER. It is.

Mr. BROWN of Ohio. Mr. Speaker, I ask that the well of the House be cleared.

The SPEAKER. Members will please retire from the well.

Mr. HOFFMAN of Michigan. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HOFFMAN of Michigan. What are the qualifications to permit a man to vote?

The SPEAKER. He must have been in the Hall listening but failed to hear his name.

Mr. HOFFMAN of Michigan. When his name was called?

The SPEAKER. That is correct.

Mr. JONES of Alabama changed his vote from "nay" to "yea."

Mr. HOLIFIELD. Mr. Speaker, I was in the Hall and heard my name called, but the Clerk went on to the next name before I could answer. I vote "yea."

The result of the vote was announced as above recorded.

Mr. BAILEY. Mr. Speaker, I challenge the vote of the gentleman from California [Mr. HOLIFIELD]. He was not on the floor of the House.

The SPEAKER. The gentleman from West Virginia is out of order. The Chair always takes the word of Members.

Mr. BAILEY. Mr. Speaker, I withdraw my statement.

Mr. HOLIFIELD. Mr. Speaker, I demand the floor on a point of personal privilege.

The SPEAKER. Of course, the Chair would have to recognize the gentleman, but the Chair believes that he properly answered the gentleman from West Virginia.

Mr. HOLIFIELD. Mr. Speaker, I shall withdraw my request, but I shall renew it at a later time.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to inform the House that therein will be a proposed motion to recommit.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COOPER. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I expect to make in the Committee of the Whole and to include certain material and information I may deem appropriate.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COOPER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 1, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, general debate shall be confined to the bill and shall continue not to exceed 2 days, to be equally divided and controlled by the gentleman from Tennessee [Mr. COOPER] and the gentleman from New York [Mr. REED].

The Chair recognizes the gentleman from Tennessee.

Mr. COOPER. Mr. Chairman, I yield myself 40 minutes.

Mr. Chairman, the pending bill embodies the trade agreements recommendations of the President and it has been listed by the Speaker as the first major piece of legislation to be considered by the House.

The bill would continue from June 12, 1955, until June 30, 1958, the President's authority to enter into trade agreements. Under present law, his authority ends on June 12, 1955.

In addition to extending the President's authority to enter trade agreements, the President would be authorized by the bill to negotiate tariff reductions by any one of three alternative methods, which may not be used cumulatively:

First, the President would be authorized to reduce by a total of 15 percent tariff rates existing on July 1, 1955, in stages of not more than 5 percent in each of the 3 years of the extension of his authority. Describing this authority in another way, it would mean that the President would be authorized to arrive at a rate which is 85 percent of the rate existing on July 1, 1955. Under this 15-percent authority, the President could not make any decrease after June 30, 1958, with one minor exception, having to do with cases where the President has initiated the reductions under this provision but there has been a nullification due to some other action on his part—such as escape-clause relief, or there has been legislation enacted by the Congress which temporarily nullifies the reduction. In using this authority, the President cannot put into effect a successive step in the up to not more than 5 percent per year reductions until after the previous step has been in effect for

at least 12 months. This authority is not contained in existing law.

A second alternative would permit the President to reduce duties by not more than 50 percent of the rate prevailing on January 1, 1945, only in the case of products which are normally not imported, or are normally imported into the United States in negligible quantities. This, in effect, is a limitation on the authority now granted the President, because at the present time the President can reduce rates of duty by 50 percent of what they were on January 1, 1945, without any limitation as to whether or not the products are being imported into the United States. In the case of negotiations which have already been announced and in which Japan will be a party, the President would under the bill be authorized to reduce rates of duty by 50 percent of those existing on January 1, 1945, if the trade agreement with Japan is not entered into until after June 12, 1955. The President already has the authority under present law to make such reductions up to June 12, 1955, and the provision in the bill merely continues this authority for the 3-year period of the extension. However, the authority granted is limited specifically to those negotiations which were announced in November of 1954 and in which Japan is a party. Except in the case of these negotiations, the authority granted under this alternative is actually a limitation on that granted the President under present law.

The third alternative authority which would be given the President by the bill is that under which he could negotiate reductions in rates of duty which are higher than 50 percent of the value of an imported product and reduce them to 50 percent of such value.

In the case of these three alternatives, the President may decrease a rate to the lowest of the rates which could be arrived at by applying any one of them. However, as I have already stated, he would be prohibited from making cumulative reductions. Also, under these alternatives the President can only make the reductions gradually, because if the total amount of reduction is 15 percent or less, the reduction during any 12 months cannot exceed 5 percent; and if the total amount of the reduction is more than 15 percent, then no more than one-third of the reduction can be given effect during any 12-month period.

As an example of how gradual these reductions would be, take the case of a rate which is 20 percent on July 1, 1955. The President under the 15 percent alternative could reduce this rate of duty to 17 percent. However, he would be permitted to make this reduction by no more than 1 percent at a time, and only after the previous 1 percent reduction had been in effect for 1 year. It can be seen that in addition to permitting only gradual reductions in rates of duty, the bill only permits moderate reductions in rates under this alternative.

The bill requires the President to submit to the Congress an annual report on the operation of the trade-agreements program. This report is to include information on new negotiations, modifi-

cations made in duties and import restrictions of the United States, reciprocal concessions obtained, and other pertinent information on the trade-agreements program.

The bill contains a proviso that its enactment shall not be construed to determine or indicate the approval or disapproval by the Congress of organizational provisions of any foreign trade agreement entered into under the authority which it grants, such as the organizational provisions of the general agreement on tariffs and trade.

The bill continues the so-called most-favored-nation treatment whereby trade agreement concessions apply to imports of goods from all countries. Under present law it is stated that the President may suspend the application of this treatment to the products of any country or countries which discriminate against our products or engage in other conduct tending to defeat the advantages which we gain in our trade agreements. The committee amended this provision so as to make it mandatory that the President withdraw most-favored-nation treatment from a country after he has had reasonable time to make efforts to get the particular country to cease its discriminatory treatment against American commerce or to rectify other acts or policies on the part of such a country which in his opinion, defeat the purpose of our trade agreements. As under existing law, the most-favored-nation treatment would remain subject to the requirement that the President not extend trade-agreement concessions to imports from Russia and from other nations or areas dominated by the Communists.

The bill requires the President, to the maximum extent that he can, consistent with the purpose of the bill, to avoid the subdivision of classification categories. This provision is designed to prevent further complications of our existing tariff structure, and it does not authorize the reclassification of any article. It merely refers to the breaking up of existing classifications into additional subdivisions in trade agreements.

The bill leaves unchanged the safeguards under the present trade agreements program. This means that full public notice, including a list of products on which concessions may be made by the United States, will be published before negotiations are entered into, that public hearings will continue to be held, and that the peril-point provision and the escape-clause provision of present law will continue in full effect. There was considerable discussion of the escape-clause procedures under existing law during committee hearings and executive sessions. The committee carefully considered all phases of the operation of this provision. It was decided that it is neither necessary nor desirable to make any changes in the law. It was our opinion that discretion should be left in the President to make his decision based upon the findings and recommendations of the Tariff Commission, considerations of our national interest, defense and security, and any other relevant factors which he alone has primary responsibility for under present law.

The committee did decide, and we so stated in our report, that we intend to keep the administration of the escape clause under continuing study.

The President would continue to have to report to the Committee on Ways and Means of the House and the Committee on Finance of the Senate whenever a reduction which he makes in a rate of duty exceeds the peril-point finding of the Tariff Commission. Also, the present law which requires that no reduction shall be made on any article if the President finds that such a reduction would threaten domestic production needed for projected national defense requirements is not affected by this bill. In addition, the President—pursuant to the recommendation of the Commission on Foreign Economic Policy—has instructed the Trade Agreements Committee that in its negotiations no tariff concessions should be granted on products made by workers receiving wages that are substandard in the exporting country.

The bill also provides that no provisions in a trade agreement can be given effect in the United States in a manner which is inconsistent with existing legislation of the United States. This provision insures that provisions of existing law such as section 22 of the Agricultural Adjustment Act cannot be impaired by any provision in a trade agreement.

At this point, I would like to bring to the attention of the House a typographical error in the report on the bill. On page 63, in the table setting forth the estimated value of United States exports in 1937 and 1953 to countries with which trade agreements are now in effect, in the last column—having to do with percent increases from 1937 to 1953—opposite "United Kingdom and dependencies," the figure should read "20.5" instead of "205."

Since 1934 the reciprocal trade-agreements program has been an essential part of our foreign economic policy. Our foreign economic policy and our overall foreign policy cannot be disassociated. As President Eisenhower has stated:

If we fail in our trade policy, we may fail in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved.

For our own economic growth we must have continuously expanding world markets; for our security we require that our allies become economically strong. Expanding trade is the only adequate solution for these two pressing problems confronting our country.

An expanded foreign trade is in our own enlightened self-interest just as much as it is in the interest of the peace and security of the other nations of the free world.

As the Secretary of State declared:

The failure, at this stage of world affairs, to rededicate our Nation to liberalize trade policies, and to do so for a 3-year term would have grave consequences.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from California.

Mr. HINSHAW. I have heard some speculation on the floor of the House

as to what the effect would be if no trade legislation of any kind were passed in this session of the Congress. To what would we revert and what would be the effect? The gentleman has partially referred to it but I think not completely.

Mr. COOPER. I appreciate the gentleman's bringing that up. If we abandon our trade-agreements program now, we would eliminate any opportunity that the President would have to negotiate any further trade agreements.

Mr. HINSHAW. I am getting at this fact: Would the Smoot-Hawley tariff remain in effect? Is it in effect, in other words, as a backer-up of this bill and previous legislation, or would we revert to something else?

Mr. COOPER. We would continue to operate under trade agreements that are now in existence.

Mr. HINSHAW. So long as they existed?

Mr. COOPER. Yes; so long as they existed, but there would be no authority for the negotiation of any other trade agreements.

Mr. HINSHAW. What is the approximate average time limit on these trade agreements? Is it 2, 3, or 5 years?

Mr. COOPER. They continue under the terms of the agreements until notice is given by one of the contracting parties of a desire to alter, change, or terminate the agreement.

Mr. HINSHAW. That is the answer I wanted.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from North Carolina.

Mr. BONNER. What greater authority is given in this act than has existed heretofore?

Mr. COOPER. No greater authority except the additional discretionary authority to the President that I pointed out before with respect to the 15 percent over a period of 3 years, not to exceed 5 percent a year, and the other alternative provisions I mentioned earlier in my statement. In some instances, as I pointed out, the President's authority actually would be eliminated. But all of the safeguards, such as the peril point, escape clause, and the provision known as the Symington amendment of last year with respect to the national defense—all those provisions are continued, and are not affected in any way by this bill.

Mr. BONNER. They are retained in this bill?

Mr. COOPER. They are continued as the law of the land and in no way affected by this bill.

Mr. BONNER. Well, how far did the President have the authority to go—to the degree of 15 percent?

Mr. COOPER. Of course, under the original act in 1934, he had authority to reduce rates not to exceed 50 percent. Then, in 1945, additional discretionary authority was granted to the President to reduce rates by not more than 50 percent of the rates in effect at that time.

Mr. BONNER. So, altogether, it could have been as much as 15 percent or more?

Mr. COOPER. Oh, yes. This 15-percent authority is very moderate.

Mr. DURHAM. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from North Carolina.

Mr. DURHAM. What definition does the gentleman put on the words "substandard wages in foreign countries"?

Mr. COOPER. That is a direction by the President to the trade-agreements committee.

Mr. DURHAM. Who makes that determination, the Tariff Commission?

Mr. COOPER. No. The committee which makes recommendations to the President as to concessions which might be made in a trade agreement with another country.

Mr. DURHAM. Whether that country is using substandard wages in the production of an article in competition with ours?

Mr. COOPER. That is right.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. HINSHAW. May I ask whether that is a substandard wage in that country or substandard wages to us?

Mr. COOPER. Substandard wages in the country seeking to export goods to us.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. VORYS. As I understand the history of this legislation, there has never been any extension in which the power to negotiate was as limited as in this extension in that there was never any extension where there was a limitation of 15 percent, not more than 5 percent in a given year, in a trade negotiation. Am I correct?

Mr. COOPER. I think that is a fair statement.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. GROSS. Did the United States Tariff Commission send a report to the committee making some critical references about this bill?

Mr. COOPER. The Tariff Commission sent a report to the committee which was read in full to the committee in executive session. This is our usual procedure in the case of such reports.

Mr. GROSS. Is there any part of it in this report?

Mr. COOPER. I do not know that there is any part of it in the report on this bill, but the entire report of the Tariff Commission, at the request of our distinguished friend from New York [Mr. REED] was read to the Committee on Ways and Means in executive session. It is my recollection that each and every suggestion of the Tariff Commission was taken care of. As you know it is usual for all committees of Congress to consult with interested Departments and agencies in drafting legislation.

Mr. GROSS. Can I read that report?

Mr. COOPER. I do not know.

Mr. GROSS. Is it a secret report?

Mr. COOPER. It was reported to our committee. That is also the usual practice.

Mr. GROSS. Well, in other words, is it a secret report? Is it available to Members of Congress?

Mr. COOPER. I do not know that it has been released. We do not usually release to the Members or the public reports which we have requested.

Mr. GROSS. Will it be released?

Mr. COOPER. As a matter of fact I think it was carried almost in full in the Wall Street Journal, or at least was commented upon rather fully in that paper.

Mr. GROSS. I do not happen to take the Wall Street Journal, but I certainly would like to see this report.

Mr. COOPER. I have not read it here, but I have heard that it was carried in the Wall Street Journal.

Mr. GROSS. Will the gentleman tell me why it is in the nature of a secret report?

Mr. COOPER. I do not know that there is anything secret about it. It is just a report to the Committee on Ways and Means, and it is still there. As I stated, we do not usually release such reports.

Mr. MORANO. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. MORANO. Who makes the determination as to substandard wages in another country?

Mr. COOPER. The committee which includes representatives of the Department of Labor makes the determination before making recommendations to the President as to the concessions which will be included in a trade agreement with that country.

Mr. MORANO. In other words, our committee then determines whether or not a substandard wage is being paid by another country?

Mr. COOPER. Yes.

Mr. MORANO. If we so determine, there is no reduction in the rate?

Mr. COOPER. That is under the instruction of the President to the committee.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. HARRIS. In the report it itemizes the commodity and the product of each country that is exported. Is there any information available as to commodities, outlined in each one of these countries under the Trade Agreements Act, imported into this country?

Mr. COOPER. When proceedings are started looking to the negotiation of a trade agreement, our various departments of the Government that constitute the Committee on Reciprocity Information, listed in the report, from all of the information available, make up a list of products on which the United States might possibly make concessions in the negotiations. That list is published, and full public hearings are held and all available information is secured before any negotiations are undertaken at all.

Mr. HARRIS. I notice in the report here, I assume for the information of not only the Members of the House but anyone interested, on page 64 the statement:

United States exports of products subject to trade agreement concessions.

I assume this is for comparative purposes; it shows United States exports for 1937 and 1953. Then it lists the commodities exported. Is there any such table of commodities imported, for the years 1937 and 1953?

Mr. COOPER. I do not recall that we did at the moment, if I understand the gentleman's question.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield.

Mr. MILLS. As I recall, that information is not in the committee report.

Mr. HARRIS. I do not find it there.

Mr. MILLS. There are publications that the gentleman may obtain from the Department of Commerce which give full and complete information on imports for any year in which he may be interested; classifications of imports, the country of origin, and so on. All the information the gentleman may seek can be obtained from the Department of Commerce. The committee does have those publications in its possession.

Mr. HARRIS. I am sure the committee must have that. It occurs to me that it would be enlightening for the Members of the House if that information were included in order that we may have the information for imports as well as export.

Mr. MILLS. If the gentleman will come by the desk, I shall show him one of these publications and he will understand why we did not include them in the report. They are rather voluminous and very detailed.

Mr. COOPER. I am sure our distinguished colleague will observe that the report is 86 pages long. We were a bit concerned whether we had not already made it too long and whether we would be able to get our colleagues to read it for that reason. Of course, if this considerable volume of additional material were added, it would have been that much longer.

Mr. HARRIS. Mr. Chairman, will the gentleman yield further?

Mr. COOPER. I yield.

Mr. HARRIS. I might say, from the action that we have seen here today that the Members are more interested apparently in imports than they have been interested in exports. I think that is a very vital point. I think this is a very informative report on the effect that the program is having in our country because of exports of our own products.

Mr. COOPER. That is important, and I would invite attention of the Committee of the Whole in passing that on page 12 of the committee report, under "E. Appendixes," they will see we have included quite a number of appendixes to this report, and each one of those includes very vital and valuable information on this program.

It has been my privilege to have been a member of the Committee on Ways and Means ever since the inception of the reciprocal trade agreements program. I have always fully supported the program, and it is my firm conviction that it is one of the most important programs ever established by the Congress in the field of international relations, and that it has at the same time con-

tributed materially to our own domestic well-being.

This program as extended and improved by the pending bill will contribute just as much to the stability and security of all the free nations in the world, including ourselves, as our military alliances and international organizations, because it takes a strong economy before any nation can be a strong ally. As the Secretary of Defense stated in his testimony before our committee:

The stronger our allies are economically and militarily the better for both them and ourselves. * * *

International trade must be a two-way street. Such trade provides the most effective way to improve our relations with our allies on a long-range basis. It is just as important as any military agreements which we might work out.

The United States, as the greatest creditor nation in the world, should, and must, take the leadership in enlarging world trade.

The main impediment to an expanded market for our own production is the shortage of dollars on the part of friendly foreign nations. The most affirmative way of helping to reduce and eventually eliminating this shortage is the lowering of trade barriers on a collective basis by the free nations of the world. The trade and tariff restriction policies of each country in the free world have an effect on free world trade.

We must realize that although it seems to be a common belief in this country that we are self-sufficient this is not a fact. We were to a great extent in days gone by; however, that situation has changed. The reason for this change is due to the growth of our population, our ever-increasing per capita consumption, and the consequent depletion of our resources. To the extent that we use tariffs unnecessarily, we accelerate the exhaustion of our resource reserves, and our dependence on foreign supplies is thereby progressively increased.

Even though we may be able to produce many of the essentials which we need, other nations in the free world cannot. The things which they can produce are limited, and they must trade in order to exist. If we do not trade with them, they will be forced to trade elsewhere, and in most cases this can only mean with Communist-dominated areas. We need allies who will cooperate with us, not because they feel that it is necessary in order to secure our economic and military aid but as free and equal partners in a united front against communistic subversion from within and aggression from without. The most shortsighted thing we could possibly do is to isolate our allies between a tariff curtain and the Iron Curtain.

We must remember also that from our own selfish interest we have a greater stake in expanding world trade than any other country in the world. We export around 20 percent of the goods in world trade and import about 15 percent. There is no segment of our economy which does not benefit from this world trade. In the case of agriculture, we are exporting the products of our farms which represent the production of from fifty to sixty million cultivated acres.

This is an area equivalent to the combined cultivated land of Mississippi, Tennessee, Louisiana, Kentucky, Alabama, Florida, Georgia, North Carolina, South Carolina, and Virginia.

The produce of about 1 out of every 10 acres of our cropland is exported. In 1953, we exported almost 50 percent of our total production of rice, 26 percent of our total production of tobacco, 24 percent of our total production of cotton, 21 percent of our total production of soybeans and products, and 19 percent of our total production of wheat—and in 1953 the exports of these items had fallen off considerably from what they were in 1951, when even higher percentages were being exported.

We all know how important exports are to our farmers. We also know that when these exports are reduced, there follows lower prices, increased surplus problems, and there can follow acreage restrictions and marketing controls. These are some of the direct effects. In addition, cropland is diverted from the production of agricultural products for export to the production of other agricultural products for domestic consumption. This means that even those farm products which are not exported suffer due to increased competition in our domestic markets. There is probably no segment of our economy that has a greater stake in an expanded foreign trade than agriculture.

In the case of another very important segment—labor, it was estimated by the Secretary of Labor in his testimony before our committee that 4½ million jobs are attributable to work generated by our foreign trade, both export and import. Some have estimated that not over 100,000 workers would be threatened with the loss of their jobs from increased imports, even if we should provide a hypothetical reduction across the board of 50 percent in all our present tariff rates. I do not know the accuracy of either the figures of the Secretary of Labor or of this estimate; however, I am firmly convinced that whatever may be their accuracy, they do give an approximate indication of the net stake which labor has in our export and import trade.

Our commerce and industry also has a vital stake in expanded trade among the countries of the free world. We exported in 1953, 45 percent of our production of our tracklaying tractors, over 12 percent of our total production of refrigerators, 6 percent of our total production of cotton cloth and duck, and similar percentages of our total production of many other of our manufactured products.

The gentleman from Pennsylvania [Mr. EBERHARTER] inserted in the RECORD yesterday at page A953—which the Members have available to them on the floor today—a reprint from the Foreign Commerce Weekly of June 28, 1954, published by the Department of Commerce, entitled "Producers Have a Big Stake in Exports." This reprint shows over a period of several years, what the percentage of exports of our total production of both agricultural and nonagricultural commodities have been. A study of these tables indicates that our country indeed has a big stake in exports.

I would like to again point out to this Committee that all the safeguards of existing law are maintained by this bill, such as the peril point and escape clause procedures, the provision of the Trade Agreements Extension Act of 1954 that no reduction shall be made in the duty on any article if the President finds that domestic production needed for projected national defense requirements would be threatened, and in addition the President, pursuant to the recommendation of the Commission on Foreign Economic Policy, has instructed the Trade Agreements Committee that in its negotiations no tariff concessions should be granted on products made by workers receiving wages that are substandard in the exporting country.

In addition to the maintenance of these safeguards, the bill itself provides that the reductions authorized can only be made gradually.

There are three main ways in which we can deal with the problem of our export trade, which trade is vital to our prosperity: First, we can make outright gifts of dollars to foreign countries with which to buy our goods; second, we can decrease the sale of our goods to foreign countries; or, third, we can expand import trade and thereby expand our export trade. There seems to be only one choice which any reasonable person could make, and that is to continue and moderately liberalize our present trade-agreements program, as would be provided in this bill.

The enactment of this legislation will mean increased prosperity here at home and rising levels of economic activity abroad.

Never before have we needed allies who will join with us as equal partners in our common front against Communist aggression as we need them today. An expanded foreign trade to back up our military treaties is an essential part of the common defense of the free world.

I urge that the bill be enacted.

Mr. DURHAM. Mr. Chairman, will the gentlemen yield?

Mr. COOPER. I yield.

Mr. DURHAM. The gentleman has given the House a very clear explanation of the measure. Today there was great concern about the Congress losing control of the measure, once it was enacted. Since this measure will be administered by the Tariff Commission, is not the Tariff Commission an independent agency?

Mr. COOPER. Oh, yes.

Mr. DURHAM. And is it not subject only to the Congress then?

Mr. COOPER. Yes. That is true. It also furnishes information to the President, of course.

Mr. DURHAM. What I am getting at is the point that we are not losing control of this. The Congress still has control of it by the fact that it is an independent agency, subject only to the control of Congress?

Mr. COOPER. Certainly. The Congress under this bill retains all the control it has today and has had all along.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Tennessee.

Mr. EVINS. I should like to take this occasion to commend the distinguished dean of the Tennessee delegation, the chairman of the Committee on Ways and Means, for the very splendid address which he has given the House. His statesmanlike approach to this whole problem is typical of the gentleman. I think he has made a most forthright and able presentation of this very important question, and he has been the champion of freer trade advocated by Cordell Hull, the father of the Reciprocal Trade program, and the gentleman is a worthy successor to that great statesman. I commend him.

Mr. COOPER. I thank the gentleman.

Mr. EVINS. And I have noticed the rapt attention which Members of this House have given to the gentleman's able address.

Mr. COOPER. I thank my colleague.

Mr. GROSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. The resolution which we adopted this afternoon provides that after the adoption of the resolution general debate shall start and shall be confined to the bill and shall continue for not to exceed 2 days. My question is, Starting debate at 4:15 in the afternoon, as we did today that the adoption of the resolution, does that constitute a legislative day?

The CHAIRMAN. The Chair would answer the gentleman that this would be a matter for the committee to decide. The present occupant of the chair understands that the day is not divided by the House or by the committee.

Mr. GROSS. Then this would or would not be called a legislative day so far as general debate upon this bill is concerned?

The CHAIRMAN. It is the understanding of the Chair that when the Committee of the Whole rises after concluding debate on this subject today that would constitute 1 day.

The gentleman from Tennessee [Mr. COOPER] consumed 44 minutes.

Mr. GROSS. Can the Chair inform us what time it is proposed to meet tomorrow?

The CHAIRMAN. The House will meet at 11 o'clock.

The gentleman from New York is recognized.

Mr. REED of New York. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, I am opposed to H. R. 1.

I will not dwell on the reasons for my opposition in any great detail. They are set forth starting on page 23 of the report of the Committee on Ways and Means on this legislation. I recommend the minority views expressed therein to your attention.

I would like to discuss at some length what I consider to be a very alarming aspect of this bill. Whether this bill passes or not, I say this to you—not a single Member of this House can say with any certainty what are the powers that H. R. 1 grants. Not a single Mem-

ber of this House can say with any certainty what the ultimate effects of H. R. 1, if enacted, will be. I do not intend that statement to be in any sense a reflection on the intelligence of this House. You could not be expected to know the answers to these questions because none of the witnesses before our committee were able to provide them.

You have been told that this bill grants authority for an across-the-board cut of 15 percent in any existing tariff. You have also been told that it authorizes cutting in half any existing tariff on commodities being imported in negligible quantities. Finally, you have been told that the bill authorizes a reduction down to 50 percent of any tariff above that figure.

No evidence was produced before our committee as to the articles which will be affected by these proposed reductions. Not one single attempt was made to explain why 15 percent is an appropriate general reduction. Absolutely no information was given our committee as to why 50 percent as distinguished from some other percentage is the proper amount to which all rates in excess of that figure should be lowered. Nor were we given one iota of information as to what commodities are deemed to be imported today in negligible quantities. Nor were we told what tests would be employed in determining negligible imports. Nor were we told why a reduction in the tariffs on such imports by 50 percent was appropriate. Mr. Chairman, in all its hearings on this vital legislation our committee obtained no facts from the proponents of the bill as to the likely effect of these proposed tariff reductions upon our imports or exports. Mr. Chairman, I have looked in vain in the majority report for an explanation of these matters. To my great concern, I have found not a word—not one single word—to explain the need and justification for these specific reductions.

However, let us assume for the sake of argument that these reductions are appropriate, although the reasons may be obscure to us, at this time. I make this further statement—not one single Member of this House can say with any certainty what are the ultimate limits of the tariff reductions authorized by this bill. The Randall Commission and the President in his foreign economic policy message both recommended authority to reduce existing tariffs. Now, you might reasonably suppose that that means authority to reduce tariffs as they exist today. But that is not the case, Mr. Chairman, with respect to H. R. 1. H. R. 1 grants these broad powers to cut tariffs, not with respect to the rates now in effect, but with respect to the rates which will be in effect on the 1st of July of this year—almost 5 months from today. Why is that significant?

It is significant because negotiations are now about to get underway with Japan. It is contemplated that those negotiations will result in significant tariff concessions by the United States. Secretary Dulles expressed the hope to our committee that those negotiations would be concluded prior to July 1. Moreover, you must understand this—

every tariff reduction granted to Japan in these negotiations will be extended automatically to every other non-Communist nation of the world. As a result, it appears probable that we will have an entirely new tariff schedule, affecting textiles, chinaware, glassware, chemicals, and a host of other items, before July 1. It will be those new rates which no one can predict with any certainty whatsoever today to which the new 15 percent reduction authority granted in H. R. 1 will be applied. That is why I say, Mr. Chairman, that not a single Member of this House can say with any degree of certainty what the reductions are which H. R. 1 authorizes. Certainly, no member of the State Department or the Tariff Commission can give you such information. It is not available. We have never before, in previous extensions of the Reciprocal Trade Act, delegated authority whose scope was so completely unknown.

For the first time, in addition to a simple extension of the President's existing authority to enter into trade agreements with foreign governments, H. R. 1 grants these broad additional powers—to make agreements relating to tariffs, to most-favored-nation standards, to quantitative import and export restrictions, to customs formalities, and—listen carefully to this—to any other matters relating to trade designed to promote purposes similar to any of the foregoing.

Mr. Chairman, what does this new language mean? I do not know. I do not think any member of our committee knows. We were told that this new language simply expresses what the State Department considers its present authority to be. If that is the case, what is the necessity for it? We were told that it was designed in order to clarify any existing uncertainties. In my mind, this new language creates much more uncertainty than it lays at rest. We have gotten along for 20 years without this new grant of authority. We have entered into trade agreements with some 42 other countries of the world without it. What is the sudden need for this new authority which no one—I repeat, no one—has explained the need for?

Let me speak for a moment about GATT, an international agreement to which the United States is a party. The contracting parties to GATT bind themselves with respect to tariff rates, quotas, countervailing duties, and so forth. In areas in which Congress has not already acted, an agreement within GATT—for example, as to agricultural import quotas—would in practice preclude future congressional action in the same area if such action would be in violation of the GATT agreement.

GATT has never been submitted to the Congress for approval. I am concerned that the sweeping grant of authority which I have just discussed can be interpreted as constituting such approval. The majority included an amendment to the bill providing that its enactment would not constitute either approval or disapproval of the organizational features of GATT. Does not this provision leave a clear inference that the language be construed as constituting approval of

the substantive provisions of GATT? I believe this can only be answered in the affirmative, particularly in view of the fact that the majority objected to an amendment offered by me along the lines of the provision included in every recent reciprocal trade act extension to the effect that the act would not constitute approval or disapproval of GATT as a whole.

Mr. Chairman, this is another example of the extraordinary lack of certainty inherent in almost every provision of this piece of legislation. Few Members of this House know what GATT is. Even fewer Members, including myself, can say what H. R. 1 accomplishes with respect to GATT.

There are other aspects of the bill which deserve detailed comment. For example, it was recommended in our committee that the bill be amended to insure that no trade concession could be granted which might impair the national security and that no concession already granted would be permitted to remain in effect if impairment of the Nation's security resulted. This was rejected by the majority.

However, I would like to address myself to the present operation of the so-called escape clause. As you may know, there have been 59 applications for relief under this section. In 15 of these cases the Tariff Commission found injury or the threat of injury, and so reported to the President. In only five of these cases has the President taken action in response to the report of the Commission.

Escape-clause proceedings before the Tariff Commission are lengthy and involve exhaustive public hearings. Every available fact is laid before the Commission. However, in his rejection of escape-clause recommendations, the President has frequently expressed his disagreement with the finding of the Commission as to the fact of injury. This disagreement over the facts has been based upon several grounds.

For example, the President may decide that injury has occurred, not because of imports, as found by the Tariff Commission, but as the result of a nontrade factor, such as a shift in consumer demand. Or the President may base his decision on evidence supplied to him by other agencies, including foreign governments. Or the President may decide that some overriding consideration of the national interest may require disregarding of the fact of injury. It is obvious, therefore, that there is considerable uncertainty in the outcome of escape-clause procedures.

I believe this to be particularly unfortunate when a domestic industry, typically a small industry, goes to great expense of both time and money to pursue its claim before the Tariff Commission, secures a determination by this bipartisan agency that serious injury as a result of imports does in fact exist, and then discovers that the recommendation of the Commission has been disregarded on the basis of other evidence not presented in the proceedings to which it was a party and with respect to which

it has had no opportunity to rebut or otherwise explain.

The domestic industry has no appeal from the findings of fact of the Tariff Commission. It has no further forum in which to pursue its case. I believe, therefore, that our legal traditions, as well as elementary principles of justice, require that the findings of fact by the Tariff Commission be conclusive on the President as well as on all other interested parties. I cannot believe it desirable that these findings of fact be set aside on the basis of evidence produced, for example, by a foreign government or a foreign industry and channeled through the State Department outside of the public proceedings and beyond the public forum contemplated by the law.

I was glad to note that the majority in their report on the bill recognized this problem concerning the findings of fact. I think it unfortunate that the majority found no solution to the problem, other than to suggest that the President should give the fullest consideration to the facts as determined by the Tariff Commission. This suggestion is indefensible to me because it suggests that the President does not give such full consideration today. I reject such an implication. The majority suggests that it would be inappropriate to make the findings of fact final because, they state, "in practically every field where administrative or judicial findings are involved the Congress has provided for some review of those findings." This statement overlooks the fact that the courts never admit to overruling an administrative finding which is supportable by the evidence. Nor does a court in its judicial review consider any facts or any evidence not considered by the administrative agency.

The question is not whether the President should be precluded from any review of Commission findings; it is solely whether Commission findings should be set aside regardless of the fact that they are based on substantial evidence, or even regardless of the fact that the finding is the only possible finding from all the evidence in the record.

Therefore, while I also recognize many other inadequacies of the escape-clause procedure, it would seem that, as a very minimum, the findings of fact by the Tariff Commission as to the existence of injury be conclusive. It may well be, and I personally agree, that the President should even in this case not be bound by these findings if he decides that considerations of the national security are overriding.

Mr. Chairman, I intend to offer a motion to recommit at the appropriate time. The motion to recommit will be with instructions. These instructions will be designed to carry out what I am convinced was the original intent of the Congress with respect to escape-clause procedures. It will be a motion to recommit with instructions. It should be clearly understood by those who are not familiar with this procedure that such a motion, if it carries, will in no way delay consideration of the bill. It is my understanding that a vote on final

passage of the bill as amended by the recommittal motion would follow almost immediately. Every Member would thus have an immediate opportunity to cast his vote on the bill as a whole.

Mr. Chairman, I ask unanimous consent to insert at this point in the RECORD the language of the motion to recommit which I intend to offer at the appropriate time. It should be understood that this language may be subject to further refinement or addition before it is offered.

The CHAIRMAN. Without objection, the request of the gentleman from New York [Mr. REED] is agreed to.

There was no objection.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Iowa.

Mr. GROSS. I should like to call attention to the fact that there are only about two dozen Members of the House of Representatives on the floor to listen to the excellent presentation by the ranking minority member of the Committee on Ways and Means on this tremendously important legislation. I want also to again call attention to the unfairness of the rule which made this bill in order for it provided 2 days of general debate. One of those days is now practically consumed and there has been only a little more than an hour of debate. Thus the rule is most unfair in its application to general debate on this occasion. I want the record further to show that I would have made a point of order that a quorum was not present before the gentleman now addressing the House began to speak, were it not for the fact that would only have penalized others who wish to speak in the matter of time.

Mr. REED of New York. I want to thank the gentleman, and I want to thank the gentlemen on both sides of the House. I realize the hour is late. I recognize how inconvenient it is for many Members, but things so shaped up here that this is the only time I could take without cheating other Members, who are not here, of their opportunity to address this House on what I consider the most important subject that has been before this House.

I should like the Members to think this thing over. All my life I have been a great respecter of the Constitution. I had a great professor on the Constitution in college, and I got very much interested in the Constitution as a charter of liberties which we should all support.

I want to call the attention of the Members to the fact that the Commerce Clause was considered by the fathers of the Constitution and by the great jurists ever since as the second most important provision in the Constitution. Of course, if we look back and see how they tried to hamper our trade—that is, all the major countries of the world of that day—it is perfectly understandable why they proposed to protect the very heart of this Nation, which is its markets. I want the Members of the House to think this thing over before we, as the Congress, abdicate our responsibility on the

second most important clause in the Constitution, according to the jurists and to the framers of the Constitution.

Mr. DORN of New York. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. DORN of New York. Would the gentleman at this time read his motion to recommit?

Mr. REED of New York. I can; it is not very long. It is technical, but I am perfectly willing to read it.

It is as follows:

Mr. REED of New York moves to recommit the bill H. R. 1 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments:

Page 11, line 21, after "Sec. 4.", insert "(a)."

Page 11, after line 24, insert:

"(b) The second sentence of subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is hereby amended to read as follows: 'If, as a result of investigations and hearings, a majority of the commissioners voting find that a product on which a concession has been granted is (as a result, in whole or in part, of the duty or other customs treatment reflecting such concession) being imported in such increased quantities (either actual or relative) as to cause or threaten serious injury to the domestic industry producing like or competitive products, such finding shall be final and conclusive and the President shall take action to prevent or remedy such injury unless he determines that the national security requires that no such action be taken. If the President does not, within 60 days, take the action referred to in the first sentence of this subsection, he shall immediately submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he has not made such adjustments or modifications, or imposed such quotas.'"

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Ohio.

Mr. VORYS. As I understand, in the extension last year there was some provision that if there was a tie vote in the Tariff Commission the President would break the tie. Would the gentleman's amendment have effect on that provision, or is that provision still carried in the law?

Mr. REED of New York. I think that is in the present law.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. SIMPSON of Pennsylvania. The item to which the gentleman from Ohio refers is not affected by this motion to recommit. That determines that where there is a tie vote in the Tariff Commission, both sides of the controversy to which the tie applies shall be sent to the President, and he determines which one of the two he may consider. This refers to a majority vote.

Mr. VORYS. As I understand, the tie-vote provision which was a matter of compromise last year is continued under H. R. 1?

Mr. SIMPSON of Pennsylvania. It is not touched in H. R. 1.

Mr. REED of New York. It does not touch it at all.

Mr. MILLS. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan [Mr. DINGELL] be permitted to extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. DINGELL. Mr. Chairman, I have very little to add to the excellent remarks of the distinguished chairman of our committee and to the remarks which I have made on previous occasions on trade-agreements legislation, beginning with the establishment of the program and on each extension since that time. I have always stated that this is very good legislation. It has proved itself, and it has been very beneficial to our country. These statements need no proof, because they are predicated on facts and figures based on the operation of the trade-agreements program.

I would like to point out to this Committee that those who claim that this program has harmed them and the country have become so repetitious each time this legislation is under consideration that but for seriousness of the misinformation of these false prophets, it is almost amusing. They return to the hearings held by our committee over and over again, after telling us the last time that if we do not kill the program they will most assuredly perish. The facts indicate that they, generally speaking, become more prosperous year in and year out.

Many of the statements made before the House Ways and Means Committee opposing H. R. 1 have had such a familiar ring that I was led to look back to the debate on the extension of the Trade Agreements Act of 1945 10 years ago.

In 1945, I gave this summary of the testimony before our committee:

Throughout the hearings the minority (opposition) failed to make out a case. Such instances as appeared against the extension of the trade agreements were, for the most part, trying to reinforce the minority with arguments which were based upon unfounded fears. Repeatedly they admitted that thus far they had not been hurt, but they insisted they could not be sure about the future.

Today, 10 years later, I begin to wonder if some of these witnesses have never heard the old fable of the little boy who cried "Wolf." I wonder how gullible they believe we Members of this great Congress are? For example, one of the associations in the chemical industry has testified since 1943 that if the Trade Agreements Act were not amended to give more protection to the chemical industry that that industry would suffer. A few days ago the same association again appeared predicting dire things if the President were granted authority to reduce tariffs further. These fearful words came from spokesmen for an industry that has grown 50 percent in the past 6 years—those years during which we were warned that the effect of the Trade Agreements Act would be seriously detrimental to the industry. American industry as a whole has grown at the average of 3 percent every year for 25

years. The chemical industry has grown at more than 3 times that rate.

Another Cassandra is the independent producer's segment of the oil industry. Since 1940 they have objected to the trade agreements program. Although they have prospered with assistance of a 27.5 percent depletion allowance, they still ask for additional protection for the industry. And they ask for additional protection at a time when the domestic crude oil industry is operating at a near all-time peak. Is it not time for these groups to learn that fallacious cries of "Wolf" soon cease to be believed?

I have consistently supported the trade-agreements program since it was first proposed under the leadership of Franklin Delano Roosevelt and that great Secretary of State, Cordell Hull. I support H. R. 1 with great confidence. During the past 20 years, this program has demonstrated conclusively its positive advantage to the United States economy and to our relation with the rest of the world. It will have the same positive effect in the years ahead.

I regret to see that the critical state of world affairs is now being used by almost all opponents of the trade-agreements program. National defense is too serious a question today to have it used as an argument for special protection to give industries higher profits and less competition. The President and his Cabinet tell us that this bill is essential to our national defense and security, and who is in a better position than they to judge?

I pointed out in 1945 that considerations of our national safety had already been provided for in the administration of the act by the inclusion of representatives of the Defense Department on the group administering the act. Additional safeguards have been added since 1945. Section 2 of Public Law 464, 83d Congress, extending the Trade Agreements Act provides that no action shall be taken "to decrease the duty on any article if the President finds such reduction would threaten domestic production needed for projected national defense requirements."

If there is a true problem of preserving particular industries or skills for national defense there are ways of meeting those problems that are more precise and effective than restrictions on imports.

I am proud that the representatives of my own great city—the thriving metropolis of Detroit—have not appeared before the Committee as members of the Cassandra chorus opposing H. R. 1. Quite the contrary. Experience has proved to them the value of the trade-agreements program. As the representatives of the Detroit Board of Trade stated before the committee, "dollars earned in the United States by foreign exporters will either directly or indirectly return home through the purchase of goods of United States manufacturers." The Detroit Board of Trade representative stated that they estimated 1 out of every 7 employed in manufacturing in Detroit owed his living to foreign trade to a substantial degree.

I know that Detroit is not unique in the benefit it obtains from foreign trade.

Every city and State in the Union benefits to some degree. United States exports reached over \$15 billion in 1954. This was at a time when our foreign-aid program had dropped substantially. In fact, as a recent Federal Reserve Board study shows, foreign demand for United States exports in 1954 kept business activity in the United States from declining as much as it would have had it been solely dependent upon the domestic market. Foreign trade acted as a cushion to soften the impact of the recession we had last year.

Over 4½ million jobs in the United States are provided by exports and imports by the handling and processing involved. This is a significant contribution to employment in the United States.

Naturally, in carrying out a program of this size there do develop some bruises and minor errors. One instance which I have in mind particularly involves the beverage industry. More specifically, it relates to the discrimination on the part of the Canadians because of their provincial taxes on beer. During the hearings I discussed this situation with the Secretary of State. These provincial taxes have been superimposed upon an already high Canadian tariff on American beers. The result is that it is next to impossible to obtain American beer in Canada.

I am bringing this matter to the attention of the House not because I feel that the program, by and large, has not operated as we intended it to, but because of the fact that this is one of those instances—admittedly a rather minor one in the overall picture, but of great importance to the beer industry—in which we have had, in my opinion, some errors. This is more of a case of the principle of the program not being carried out than it is a case of the program being carried out. I have, of course, an interest in each and every industry in the country being treated fairly and as intended under this program. I point out the situation in the case of the beer industry because there is a matter of principle involved which illustrates my point very specifically.

I might say that as a result of this violation of principle, I have introduced a resolution which I frankly consider an extreme action, but even as such I feel it is justified. I do not propose that this resolution be adopted now, because traditionally such legislation has not been a part of our trade-agreements legislation, and I do not want to nullify or impair the extension of this program. However, this resolution is pending and is subject to being called up should our committee decide that no other course can or will be pursued to eliminate this discrimination. My reason for introducing this resolution is to strengthen rather than weaken our trade-agreements program.

I am pleased that the bill amends the most-favored-nation provision of existing law so as to make it mandatory that the President, as soon as practicable, withdraw most-favored-nation treatment from a country where reasonable efforts on his part to get a particular

country to cease its discriminatory treatment against American commerce, in those cases where such treatment, in his opinion, defeats the purpose of our trade agreements, are unavailing.

I am also pleased that the bill specifies the type of provisions which may be included in trade agreements so as to make it clear that the President has authority to deal with discriminatory treatment and devices against our products. This, in my opinion, should strengthen the hand of the President in dealing with such situations.

There is another matter which has to do with our trade about which I have expressed concern, and that is the 3 cents per pound processing tax on coconut oil. Originally this tax was covered into the Treasury of the Philippine Islands; however, upon our giving those islands their independence in 1946, we in my opinion failed to recognize this and continued to collect the tax, turning it into our own Treasury. The very purpose for the establishment of this tax was violated when this was done. This tax is unfair to American industry, such as the manufacturers of soaps and candies, to whom coconut oil is an essential ingredient of their products, and above all it is an unjustified burden on American consumers. This tax, contrary to expanding trade and promoting friendly relations between us and the Philippines, does just the reverse. If we are to continue collecting this tax, the least we should do is to turn it over to the Philippine Government. The best thing to do would be to repeal it.

Mr. Chairman, in my opinion the time has long past when we should be satisfied with periodic extensions of the trade-agreements program of from 1 to 3 years. I would like to see the act made permanent, without any loss of advantages or protection whatever to the people and industries in this country. If it were permanent, we all know that Congress always has the power to revise, amend, or repeal in part or whole whenever a law becomes obsolete or is not carrying out our intent. However, I am satisfied with a 3-year extension and I intend to vote for the bill.

I again say that this is a most beneficial piece of legislation, and we ourselves stand to gain more from it than anyone else.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. KING].

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. COOPER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, had come to no resolution thereon.

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Food control.....10	farm.....21	Water utilization.....18
Foreign aid.....14	Minerals.....27	Wheat.....12
	Personnel.....2,6,15,19,23	Wool.....15

HIGHLIGHTS. House passed trade agreements bill, including amendment to make it clear bill does not affect Section 22.

HOUSE

1. TRADE AGREEMENTS. Passed, 295 to 110, as reported H. R. 1, the trade agreements bill (pp. 1463-529). Rejected, 199 to 206, a Reed, N. Y., motion to recommit the bill with instructions to incorporate an amendment designed to strengthen the escape-clause provision (pp. 1527-8). (For provisions of this bill as passed see Digest 29.)
2. PERSONNEL. The House Administration Committee reported with amendment H. R. 4048, making recommendations to the States for legislation to permit and assist Federal personnel, and their families, to vote (H. Rept. 60) (p. 1533).
3. RECLAMATION. The Interior and Insular Affairs Committee reported with Amendment H. R. 103, to provide for the construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies (H. Rept. 61) (p. 1533).
4. BUDGET. H. Doc. 91 (Feb. 16) is a proposed amendment to the Budget for the fiscal year 1956, involving a reduction in the amount of \$3,500,000 for the General Services Administration abaca fiber program, under which it is proposed to reduce abaca acreage to be harvested from approximately 20,000 to 10,000 acres.

5. ADJOURNED until Tues., Feb. 22 (p. 1533). Legislative program as announced by Majority Leader McCormack: Tues., Washington's farewell address; Wed., cotton allotments increase bill; Thurs., bill to assist Federal personnel to vote (pp. 1529-30).

SENATE

6. PERSONNEL. Received the President's message transmitting CBO's report for the fiscal year 1954 (p. 1435).
7. ELECTRIFICATION. Several Senators discussed the Dixon-Yates contract, and Sen. Hill charged that certain essential facts exist "concerning this deal which have not been made public" (pp. 1449-52).
8. ATOMIC ENERGY. Sen. Bricker discussed the President's atoms-for-peace program and stated that many nations "need the atomic shortcuts to improvements in standards of living, in agricultural and industrial output, and better health" (pp. 1452-3).
9. POTATOES. Sen. Bricker inserted an opinion of the Supreme Court in U. S. vs Guy W. Capps, Inc., exonerating the Capps Company for selling Canadian potatoes in this country for table use, together with two Wall Street Journal articles on this subject (pp. 1458-62).
10. FLOOD CONTROL; ELECTRIFICATION. Received Ore. Legislature resolutions urging appropriations for construction of the John Day project on the Columbia River and the Green Peter and Cougar projects in the Willamette River Basin (p. 1436).
11. TRADE AGREEMENTS. Sen. Green inserted a Rhode Island General Assembly resolution urging that Congress take steps necessary to protect and preserve the Rhode Island lace-manufacturing industry (1436-7).
12. POULTRY. Sen. Langer inserted two N. Dak. Turkey Federation resolutions urging that the USDA make available directly to all turkey, poultry, and livestock growers light-weight wheat and supported feed grains at a price 50 percent lower than the loan value, and that the USDA refrain from interfering with the turkey industry in any manner, including application of quotas or price supports (p. 1437).

ITEMS IN A PENDING

13. ELECTRIFICATION. Sen. Neuberger inserted his recent speech before the Nat'l Rural Electric Cooperative Ass'n "reviewing the efforts undertaken during the past 2 years by the present administration to eliminate or destroy the public power program of the United States" (pp. A1025-7).
14. PRICE SUPPORTS. Rep. McGregor inserted the results of a questionnaire sent to his constituents including views on price support programs, social security benefits, and foreign aid (pp. A1028-30).
15. PERSONNEL; PRICE SUPPORTS. Rep. O'Hara inserted a Democratic Digest article "The Eisenhower Record at Midterm--Backdown Government," criticizing the handling of the Ladejinsky case and stating that "Eisenhower campaign talk about the moral bankruptcy of the Brannan plan has given way to the adoption of a wool-support program which... has been called the Brannan plan, lock, stock, and barrel" (pp. A1056-7).

House of Representatives

FRIDAY, FEBRUARY 18, 1955

The House met at 11 o'clock a. m.
Rev. Francis J. Blake, Holy Family Church, Nutley, N. J., offered the following prayer:

Let us pray.

Almighty and eternal God, supreme and perfect Lawmaker, to know whom is to love, to serve whom is to reign, look graciously upon these Thy servants, the chosen representatives in their Government of the people of the United States of America. Strike their memories, so that they may be ever grateful for Thy past blessings; illumine their intellects so that they may increasingly know Thy truth; strengthen their wills so that they may always seek Thy and Thy people's good. Grant that the silvered oratory of their deliberations may ever enjoy the golden sunshine of Thy blessing. Grant that these who govern Thy people may always be governed by Thee. Through Christ our Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MIGRATORY BIRD CONSERVATION COMMISSION

The SPEAKER laid before the House the following letter of resignation, which was read by the Clerk:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., February 17, 1955.
Hon. SAM RAYBURN,
Speaker, House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: I hereby tender my resignation as a member of the Migratory Bird Conservation Commission.

Respectfully submitted.

PRINCE H. PRESTON,
Member of Congress.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

The SPEAKER. Pursuant to the provisions of title 16, section 715a, United States Code, the Chair appoints as a member of the Migratory Bird Conservation Commission to fill the existing vacancy thereon the gentleman from Missouri, Mr. KARSTEN.

CORRECTION OF ROLL CALL

Mr. PERKINS. Mr. Speaker, yesterday I was sitting three rows back at the side of the gentlewoman from West Virginia [Mrs. KEE] when the quorum call was made. I answered "present" when my name was called. The RECORD shows that I did not answer. I ask unanimous consent that the RECORD and Journal be corrected at page 1402 of the RECORD of February 16 to show that I was present and answered accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

SPECIAL ORDER GRANTED

Mr. O'HARA of Illinois asked and was given permission to address the House for 30 minutes on Wednesday, February 23, 1955, following the legislative program of the day and the conclusion of any special orders heretofore entered.

EXTENSION OF REMARKS

Mr. DIES. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD, and to include a very excellent editorial which appeared yesterday in the Washington Star by Mr. David Lawrence in favor of the congressional salary increase.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

[The matter referred to appears in the Appendix.]

CONSTRUCTION OF AERONAUTICAL RESEARCH FACILITIES

Mr. THORNBERRY, from the Committee on Rules, reported the following privileged resolution (H. Res. 148), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2581) to promote the national defense by authorizing the construction of aeronautical research facilities and the acquisition of land by the National Advisory Committee for Aeronautics necessary to the effective prosecution of aeronautical research. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

TRADE AGREEMENTS EXTENSION ACT OF 1955

Mr. COOPER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 1) to ex-

tend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 1, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

Mr. COOPER. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, I ask unanimous consent to proceed out of order for 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLIFIELD. Mr. Chairman, on yesterday a colloquy ensued on the floor in which my right to qualify and to vote on the pending legislation was questioned. At that time I withdrew my request for an opportunity to address the House under a question of personal privilege and I do not seek that at this time. I do believe, however, in the interest of keeping the RECORD straight, and in view of the fact that this colloquy appears on page 1425 of yesterday's RECORD, that I should make a simple statement of the facts.

I was seated in the righthand side of the Chamber between two of my colleagues, the gentleman from Illinois [Mr. PRICE] and the gentleman from California [Mr. SISK], when my name was called. Due to the confusion of our conversation, I failed to respond until the next name was called. Immediately thereafter my colleagues from California [Mr. SHEPPARD and Mr. KING] called me from my seat and I stepped outside the door to confer with them on a matter concerning our delegation. I stepped back in and waited until the end of the roll call when I appeared in the well and qualified. I have been informed that my action was taken in full accord with the rules of the House. I will say, in justice to the gentleman from West Virginia [Mr. BAILEY] that he immediately came to my side and apologized for his challenge, telling me that some of his own colleagues from West Virginia had informed him that I was present.

I bear no malice or ill will, because I consider the gentleman from West Virginia [Mr. BAILEY] as one of my close friends of many years' standing, and it was simply a mistake. However, in view of the closeness of the vote, I felt the House deserved this explanation.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I am glad to yield to the gentleman.

Mr. McCORMACK. The gentleman from West Virginia is one of the hardest fighting Members of the House, and we all respect him. Of course, we know that in the heat of battle many things happen; we all do things that on mature reflection we would not do. But I can testify to the fact that my friend the gentleman from California [Mr. HOLIFIELD] was around here all day on the floor of the House. I had one conference with the gentleman for at least 10 minutes on a matter concerning our Committee on Government Operations. The gentleman was here all day.

Mr. HOLIFIELD. I was here all day, and I thank the majority leader.

Mr. PRICE. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. PRICE. I can also testify to the fact that the gentleman from California was in the Chamber during the rollcall, because he was sitting beside me during most of the call. I remember his going down and talking to Mr. SHEPPARD, and I know that he was in the Chamber during the rollcall.

Mr. HOLIFIELD. I thank the gentleman. As I said before, I bear no malice or ill will toward the gentleman from West Virginia because we know how earnestly he is involved in this bill and how earnestly he fights for the things he believes right. We all make mistakes at times; I make them myself.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. KING].

Mr. KING of California. Mr. Chairman it will be my purpose to speak in favor of the enactment of H. R. 1, the Trade Agreements Extension Act of 1955. It will also be my purpose to discuss with my colleagues here in the House a particular industry with respect to which I do not believe the trade agreements authority has been either properly or wisely used. I refer to the American tunafish industry.

The bill, H. R. 1, which is before us today, was introduced by our distinguished chairman of the Committee on Ways and Means, the Honorable JERE COOPER, of Tennessee. It would extend the authority of the President to enter into trade agreements to June 30, 1958.

I support H. R. 1 because I realize that our foreign economic policy is an integral part of our overall foreign policy. To attempt to disassociate the one from the other would be most impractical. The President of the United States has stated, "If we fail in our trade policy, we may fail in all." During the committee's public hearings held on H. R. 1, 6 members of the Cabinet and the Director of the Foreign Operations Administration appeared before the committee and reiterated this theme as expressed by the President. In expressing their endorsement of this measure, these officials from the executive branch of our Federal Government assured the committee that the trade agreements program would be administered in such a way as to give proper recognition to the well-being of our domestic economy and the best interests of American agriculture, labor, and industry.

I am impressed by the persuasion of the President of the United States and his Cabinet officers that this authority will be used to improve the prosperity of the United States and to strengthen the free world alliance against communism. I respect their commitment that this expanded authority will be administered in such a way as to foster the interests of all segments of our economy.

There can be no question that the United States is today the most potent economic force in the world. Whatever foreign economic policy the United States may adopt will greatly influence the activities of other nations in this respect. However, it is essential that if a liberalized foreign economic policy on the part of the United States is to be a success we must see to it that the other nations of the free world similarly liberalize their trade programs. There are but two ways to combat communism throughout the world, either economically, or by violence.

Without referring to any specific data, a study of any statistics of American production, exports and imports clearly indicates America's essential need for foreign markets in which to sell our surplus production. To be paid in dollars for our exports we must be ready to pay dollars for our imports. With 4.3 million jobs attributable to work created by our export and import trade, it is obvious that the best interests of America lie in expanding rather than contracting the volume of trade we do with other nations. The United States now has trade agreements relations with 42 countries. The vast preponderance of the total volume of our foreign trade is done with nations with whom we have existing trade agreements.

Thus, I support the continuation of the trade agreements program and the enactment of H. R. 1. In doing so, I would like to express my concern with the manner in which the peril-point and the escape-clause provisions of existing law have been administered.

It was clearly the intent of Congress at the time these safeguards were adopted that they should be used to stave off the threat of injury or to correct actual injury to our domestic industries. In my opinion, proper consideration has not been given to the congressional intent in using the peril-point and escape-clause safeguards. I believe I can properly assure my colleagues in the House that the Committee on Ways and Means will take a very active interest in regard to these matters in the future.

In my great State of California we have a tuna-fishing industry that is now struggling for its very survival because of the manner in which the trade agreements program has been conducted by the executive branch of our Government. There exists today widespread unemployment in the domestic tuna-fishing industry. Many small-business men with substantial investments in ships; which can be used only for fishing for tuna, find themselves confronted with operating losses which jeopardize their investments. I will not detail the present

tariff status of tunafish but merely state that tariff reductions have been substantially accomplished to the extent possible under the law and that certain categories of tunafish are on the free list. Some of the tariff concessions were made in negotiations with countries who were not even principal suppliers or even substantial suppliers and then other more important sources of American imports took advantage of the most-favored-nation clause to swamp our markets.

In the face of this tariff reduction the imports of fresh or frozen tuna have increased from 9.1 million pounds in 1948 to an estimated 103.3 million pounds in the first 9 months of 1954. Imports of canned tuna have similarly increased. Because of these rising imports and the threatened destruction of our domestic tuna industry I introduced remedial legislation in the 82d Congress which passed the House of Representatives and which was reported favorably by the Senate Finance Committee. To my regret and to the detriment of our tuna-fishing industry this legislation failed to pass in the Senate.

In the 83d Congress I again introduced remedial legislation but no consideration was given to it during that time with the result that our domestic industry further deteriorated. With the convening of the 84th Congress I introduced H. R. 674 to again aid the tuna-fishing industry.

Mr. Chairman, it is my prediction that if the Trade Agreements Authority delegated to the President is not more wisely administered so as to properly safeguard the interests of our domestic industries, the Congress will find increasingly numerous instances in which congressional action will be necessary to prevent the destruction of American jobs and investment. The time has already come when such congressional action is needed with respect to the American tuna-fishing industry.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. HERLONG].

Mr. HERLONG. Mr. Chairman, as a member of the House Committee on Ways and Means, it is a pleasure for me to join with our distinguished chairman, the Honorable JERE COOPER, and my other colleagues on the committee in presenting to the House the bill H. R. 1.

The pleasure I derive from joining in the support of this important and far-sighted legislation stems from the fact that I am convinced the enactment of this measure will represent a substantial contribution to the prosperity of our American agriculture, industry, and labor, and at the same time strengthen America's foreign policy.

During the course of the committee's extensive public hearings and thorough executive sessions on H. R. 1 I have been interested in determining whether or not our efficient American industries might be hurt by this modest liberalization and extension of the trade agreement's authority of the President. I did not wish to support legislation that would cause damage to a segment of our economy or an important industry.

To be frank, I was somewhat concerned about the effect this legislation might have on the cotton textile industry which exists in the southeast region of our Nation. I want to see America's textile plants flourish. I want more manufacturing establishments and businesses to come not only to the South but to arise in all the other areas of our country.

Thus, in spite of the fact that foreign trade is a necessity for the industries of my own State and is essential to the South's tobacco farmers, cotton growers, and fertilizer producers, to cite only a few, I wanted to get the facts on what this legislation would do for all America. I wanted all the facts, so that I could assure myself that, if I supported H. R. 1, I had done what was best in the national interest, as well as what was best for the Southeast and for Florida. The facts were a revelation, and those facts are why I support H. R. 1.

A lot of my southern friends were concerned about the effect of this bill on textiles. They had been hearing from people in the cotton textile industries with all manner of complaints about what this bill would do to them.

I found that, although spokesmen for the cotton textile industry had been appearing in opposition to the Trade Agreements Act since before World War II to claim that the industry would be ruined if the program continued, production of cotton cloth was actually higher in 1954 than in 1939. Production was higher by more than a billion square yards. I found that, though these spokesmen told of how the program would force our wage levels down to that of oriental countries, the witness of the American Cotton Manufacturers Institute stated that the "cotton textile industry is proud of the fact that over the last 20 years it has succeeded in raising the average wage rate paid its employees by roughly 500 percent." That 20 years, by the way, is the 20 years in which the reciprocal trade agreement program has been in operation.

I found that, although all the ills of the cotton textile industry were attributed by these witnesses to imports, actually we only brought in about one-half of 1 percent of our domestic production last year.

I found also that our cotton textile industry has an important stake in the export market. The United States exported to foreign markets over 6 percent of our entire production of cotton cloth in 1954. Now, you cannot have your cake and eat it, too. To anyone who investigated the facts, it is apparent that our textile industry's best interests lie in insuring that we maintain and expand our export markets without too much concern over insignificant imports which were only one-tenth of our exports.

In the absence of outright dollar grants there is no way that the Nations of the free world can buy our exports unless we are willing to import. Because of our dominance in world economic affairs, it is a safe assumption to make that United States policies in fields connected with tariff are of key importance both to the American and the foreign

public. The pattern of trade policy that the United States adopts will certainly be carefully observed and probably emulated by our allies in the free world. Therefore, it is almost certain that the adoption of a stringent and unduly protective foreign economic policy on the part of the United States would result in increased trade barriers to our American exports.

How would the cotton textile industry fare if we stopped all imports but in the process lost our export markets? That additional 6 percent of production thrown on our domestic market if they could not export it would have an infinitely greater impact on the industry than imports of one-half of 1 percent could conceivably have.

I am concerned that our cotton textile manufacturers have apparently let the protectionist advocates in their industry appear as their spokesmen. I am worried that this attitude toward international trade will help the protectionist elements in Cuba, Venezuela, and Canada get barriers imposed on our exports of cotton textiles to these, our main foreign markets.

The Canadian Minister, C. D. Howe, recently stated that an industry can not pursue two self-contradictory goals—unrestricted access to the markets of others, combined with freedom to keep out imports. I hope the statesmen in our cotton textile industry will assert their leadership and protect the true interests of their industry.

My investigation also showed that despite efforts to attribute the 22-percent drop in employment between 1951 and 1954 in the textile mills to import competition, production of cotton textiles was 200 million square yards greater in 1953 than in 1951. The drop in employment was not due to imports. It was due to technological progress in the industry itself.

I also found statements from the industry that the peril-point and escape-clause provisions have not been effective in protecting the industry. How they know that is beyond me. In the first place, the peril-point findings of the Tariff Commission have never been breached by any President in the administration of the Trade Agreements Act. In the second place, the cotton textile industry has never petitioned for an escape-clause investigation.

If I were not convinced that H. R. 1 provides all reasonable assurance of adequate protection to the cotton-textile industry, as well as to other efficient American industries, I would not support it. Secretary of State Dulles, Secretary of Commerce Weeks, and Secretary of the Treasury Humphrey all assured the Ways and Means Committee that the interests of American industry, as well as of labor and agriculture, would be carefully taken into account in any tariff negotiations.

The program outlined in H. R. 1 is, as indicated by the Secretary of Defense, important to our national security. It is also a program to protect the interests of American workers and producers.

The bill before the House avoids any precipitous changes which would disrupt

our economy. Only a 5-percent-a-year reduction is permitted. The peril-point and escape-clause provisions remain unimpaired. The Committee on Ways and Means has stated in its report that careful attention will be given to the administration of the escape clause. Every opportunity is given interested persons and organizations to present their points of view for the guidance of the President. Furthermore, any reductions in tariff rates must be done gradually over a 3-year period. This will provide an adequate period to permit adjustments to be made, if any are required.

In conclusion, I want to point out that a most important part of our leadership in the free world's efforts to deter Soviet aggression is to provide an economic foundation for a strong mutual defense. We must find a way to increase strength and security to counter both the Communist threats of aggression and the Communist efforts to foster disunity among the free world nations. This problem is more important today than it has ever been.

The President of the United States has warned, "If we fail in our trade policy, we may fail in all." To my many Republican friends on the left side of the aisle, I would say that our President is also the political leader of at least 50 percent of your party. In this matter of such great national importance he deserves the support of all of us here today. For these compelling reasons I urge the enactment of H. R. 1.

Mr. REED of New York. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, I am really happy for this chance to say a few words today because of what transpired here yesterday. The show put on here yesterday was the finest manifestation of political freedom I have ever seen. Men on both sides of the aisle listened to the voice of conscience and also to the voice of their constituencies. I hope they will do the same thing today. I hope we will stick together, because we, working together, have a chance to do yet what the people want us to do.

How can we do that? We can do that by voting for the motion to recommit. I think that motion to recommit which is difficult to draw will probably answer the wishes of every constituency everywhere in the country. At any rate, that is the last chance we have to do justice to our constituents and to our great country. I shall vote for the motion to recommit and if we lose I shall vote against the bill. If we do not win this afternoon, we have to go down before this on-rush of one-worldism. For myself, I do not want to be part of any one world program. The only one world that I will approve is the one that will come with the melenium. I repeat that yesterday we made a fine showing, and I hope that the same forces that manifested themselves yesterday against political leadership and against congressional leadership and so forth, and who came to the front so magnificently, can stay together today. It is unfortunate that in a matter like this in which so many people are interested that we have to have some politics. I would

prefer, if we could divorce ourselves from that, if possible, because the people back home who need this help and who do not know everything about congressional politics should not be deceived, I know the 200 or 300 or maybe 500 miners in my district who have not worked for a long time are not going to take any excuse that it is political—they want to know where their bread and butter is coming from and they would like to have a job and do an honest day's work like they have always done. I say, again, today is our chance to deliver to them what they are entitled to have.

With reference to this matter of reciprocal trade agreements—that has been before us on many occasions. It has been before us entirely too long. We had a chance last year to dispose of it, and we had what I thought was a fair bill which had been reported out by the Committee on Ways and Means. I mean it was fair from the standpoint of effort on our part and from a literary point of view and so forth. I do not know that I was so enthusiastically for it all, but anyhow, we had a pretty fair bill. But, somehow or other, they divided that bill—they split that bill into two parts and pressed both parts on for a vote in the House. We came on first with that part which I called a joke. It was not a substantial part of the bill. What did it provide? It provided for the appointment of a commission. That commission later became the Randall Commission. I said on the floor of the House at that time, when we went off on that tangent, that we were making a mistake and that I would not be in favor of that, and I was not in favor of it. I stated further, on this floor at that time, that the chances were, if a commission were appointed, because of my seniority, I would be appointed to the commission. I served notice at that time that I would not serve on any such commission because we did not need it. I did not know then what I know now or else I would have spoken even more vigorously than I did at that time. I thought that this group down here in Washington, which are supposed to work on these tariff matters and peril-point problems and on our tariff schedules and things like that would not be more than a group of 25 or 30 people. The Committee on Ways and Means functions with less than that number as well as all these other big committees in the House and Senate. They function with less than that number. I was terribly surprised the other day when I asked how many of them there were on the payroll. How many do you think there were? About 350 of them. Three hundred and fifty of them working down there. Then, in spite of all this, they appointed a commission of I do not know how many to go around the world at \$75 a day and their expenses, and what do you think they did. I think that the first thing they did was to name themselves the Randall Commission. I wish you would listen to me now. Do you know who this man Randall is? I have never seen him. I do not know him. He probably is a nice man. He never came before our committee. He is the man who is supposed

to have written this bill. Why do you suppose he never came to see the Ways and Means Committee?

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I am glad to yield to the gentlewoman.

Mrs. CHURCH. I am sorry to interrupt the gentleman. I know he is most firm in his convictions, many of which I share. But, I would like to say that Mr. Clarence Randall, the president of Inland Steel, is one of the most honored civic-minded people in my district, a gentleman of high repute, and a man whose love for his country is second to none. I assure the gentleman that his efforts on the Randall Commission, on which he did a magnificent piece of work, whether we agree with the results or not, were in an utterly sincere attempt to help his country.

Mr. JENKINS. I am very glad that the gentlewoman has pointed that out, but I want to stay on this subject. That probably is all true and I do not doubt it at all, but we are now passing important legislation and we needed somebody to come before the committee to tell us what he meant by this bill which everybody said had been prepared by him. But when he did not come—do you know we asked a man over there who apparently was a close associate of Mr. Randall and who was from the commission, to see Mr. Randall and invite him to come to see us. This man came back and reported. What did he say? He said, "Randall said the President would not let him come." Now then, gentlemen, let us think about that. Our great President, I do not think that he said that. Anyhow between them, whoever said that, or whatever happened, we never got a chance to see Mr. Randall. We never got a chance to ask him any questions. Just think of that. And that is not right. If he was so capable as to name a commission after him he should be anxious to show his appreciation. At any rate we ought to do things right. Until they are done right, they are wrong as far as I am concerned.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. GROSS. Does the gentleman have any rough figures on the amount of steel that is imported into this country from foreign countries, and what is the tariff on steel?

Mr. JENKINS. I do not have the exact figures. However, except for a few specialty items, imports of steel are negligible as compared to domestic production. I believe that the tariff ranges from 10 to 15 percent.

Now, there is one thing I have heard so often that I am really getting tired of it. They say "trade and not aid." Trade and not aid. If you could work that thing that would be all right. How are we going to work it when we have already given away millions and millions of dollars. We have given about all we have got to spare. I just returned from a trip around the world. Whenever you talk about aid that these foreign people need, when you talk about aid down in Calcutta for instance where I dare say

that a thousand poor deserving women sleep on the pavements every night with their little babies nestled to their breasts. When you give aid to people all over the world who need it you have taken about all we have got and a whole lot more than we can spare. It just cannot be done.

You can get some people everywhere who will say that we ought to do this or we ought to do that. We ought to do whatever is right under all the circumstances. Where do I get my impression as to what is right, now? We are dealing with business people. We are not dealing with a lot of theorists. There was a man from Cincinnati who came before us, a fine gentleman, Mr. Taft, one of the finest people in the country. He has been coming before us year after year and he represents some organization. I do not know who it is exactly, but no doubt he represents some fine people. He comes from Cincinnati. He testified before the Ways and Means Committee for about 5 or 6 hours but I don't remember that he made any reference to any Cincinnati people as being among the list whom he represents. When I am talking about a business matter, I like to know what businessmen think about the matter. I have a report from the Chamber of Commerce in Cincinnati about this important matter. Here is what they say. They say, "We do not propose any attitude but one of friendly cooperation, with encouragement to other countries, but we believe the future prosperity of all can best be obtained by retaining a strong position for ourselves." They indicated strongly that they were opposed to H. R. 1.

That is what they say in Cincinnati. Who are they? There are about 25 or 30 officials of the Chamber of Commerce. Among them are the chief officials of some very large industries of Cincinnati. Also there are a number of the leading bankers of the city and a number of very big businessmen. In that list is the name of Mr. Charles Sawyer. That would be interesting to some of you Democrats. He is one of the finest men in the country in spite of the fact that he is a Democrat. He is a fine gentleman. That is the only thing wrong with him that I know of.

Now let us go a little further. Let us talk about some of these things. The gentleman from Florida said that nobody in his State was very much opposed to this measure. Mr. Chairman, it was pathetic that day after day, fine big-business men came before the Ways and Means Committee and testified positively against this bill. If you do not believe that, you just take this book of testimony and read it over. They came from every part of the country, from every place, and from every community they came. I was impressed with a man who came here from way down in Texas. He was a great wool producer. He almost made tears come to my eyes. I used to raise a few sheep myself, but he was a great raiser of sheep. You folks who need wool and woolen garments, you folks in the textile industry should read his testimony. That was testimony from a man direct from

the field, a great producer of wool. His testimony was the same as all the sheepgrowers in the country. You surely are not going to turn them down. You cannot afford to do that, in order to do a little trade before aid.

Now let us talk about pottery. That is produced in great quantities in our section of the country. We have some of the finest pottery-producing plants in the world in my district. Eighty-six percent of all the dinnerware purchased in the United States in 1953 came from some foreign country. Now think of that. All of these fine pottery producers in my country are faced with idleness. Some of them already are idle. I wish you would read the testimony of Mr. Joe Wells, of Newell, W. Va., who represents the United States Pottery Association of East Palestine, Ohio. He is to me the best authority on pottery in the whole country. He has appeared before our committee many times. I shall not worry you with many figures which I can supply easily. I shall only say that Mr. Wells said:

Something like 86 percent of the present consumption of china tableware in the United States is imported.

He further says:

We—

Meaning the pottery business—
have been steadily going down for years.

Men are going to be without work because our people are buying the pottery made in Japan, where people work for 6, 8, and 10 cents an hour, while in our potteries our men get \$1.20 an hour. That is an old story, and I will not bother you with a lot of statistics like that. But figures count and so do the voices of my people back home. I hear the voice of my people, and I see them when I go home. I want to be able to go back home and tell them I have done the best I could for them and for my country. But we are not going to do the best we can for our country if we listen to the voice of aid and not trade; we had better aid ourselves first and then talk about aiding somebody else.

Let us get down now to glassware. We have, I think, in our district probably the finest glass plant in the United States—I am not sure about that—but it is a magnificent plant, located at Lancaster, Ohio. I am going to quote the word of one of the leading men in the world on facts relating to the glass business. He is the president of that plant himself, a fine, magnificent gentleman. His name is William Fisher. I will not read you all the letter. He says:

We have from time to time indicated to you that we do not believe foreign manufacturers who pay their employees one-tenth or one-third of our wage rate should be given the special advantage this legislation would permit.

There is Mr. William Fisher, and he speaks for one of the finest glass factories in the United States. He has probably 2,000 men working in his plant and in his employment. This information came from him. I did not write to him, but he wrote to me and gave me very convincing figures.

I do not know much about textiles, but I know we had a great many people come in and talk about textiles, especially from the South—from the section of the country where Judge DAVIS comes from. We had some of the most lucid and the most convincing testimony about textiles. I do not see how many of the Members from the South can be for this legislation.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the distinguished gentleman from Georgia.

Mr. DAVIS of Georgia. I want to thank the gentleman for what he is saying and to tell him that I concur in his remarks.

Mr. JENKINS. I am glad to have the concurrence of the gentleman, because everybody knows there is no finer man in the whole Congress than our distinguished friend, Judge DAVIS, who has shown his high character on so many occasions here in our deliberations.

Now I want to talk for just a minute about oil and coal. We produce a lot of coal in my district and the surrounding area. I know there are a lot of fellows who think that the coal miner is someone kind of beneath somebody else. I was raised around the coal mines and used to work in the coal mines, so I know a little more about it than most of you. I want to tell you not to underestimate the coal miner. I will give you the story of one coal miner I knew who back in the old days worked a 10-hour day for a dollar a day. He raised his children, a large number of them, until 7 or 8 got to be schoolteachers and 2 or 3 got to be lawyers. Some of them are fine businessmen. I tell you when you underestimate the coal miner you are just fooling yourself, because he is just as good a citizen as we have in this country.

Let me tell you a little also about the mineowner, about the man who owns the mine. I daresay that three-quarters or even nine-tenths of the Members of this Congress have never been inside of a coal mine. Many of these coal mines might cost as much as a million dollars. The owner has his works in there and his machinery in there; he has built houses for his people near his mines. He has made many plans and spent much money, and here comes somebody along and drops a lot of oil over here in the eastern coast, oil that comes from Venezuela, heavy residual oil that is dumped here for practically nothing. What has it done to the coal mines in West Virginia, in Ohio, in Pennsylvania, and other places where there are coal mines? It has practically ruined them. It is almost a shame that the Government has not taken notice of this long ago.

I say to you again, Mr. Chairman, you cannot dismiss this question by saying, "Trade, not aid." You cannot dismiss our people by telling them that kind of a story.

Mr. KELLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Pennsylvania.

Mr. KELLEY of Pennsylvania. It is strange to hear the arguments made by the proponents of the oil industry in reference to the damage done the coal industry. They try to point out that the coal industry has not been injured. I wonder what they think is being done with the residual oil that is being brought into the United States? They bring it in to seek a market and the only market they can get is that which displaces coal. They certainly do not bring it in to sell as food. The only thing it is used for is to displace coal.

Mr. JENKINS. I thank the gentleman for his statement.

Mr. Chairman, I want to say one thing that has not been mentioned here today or yesterday, either. The Committee on Ways and Means is not altogether an unwise committee. Sometimes our members are criticized. But do you not know that those members of the Ways and Means Committee who believe in this bill, H. R. 1, have convinced me of one thing. Here it is—they are scared to pass this legislation. They know H. R. 1 will not work. Why do I say that? Because one member of our committee has introduced a bill to provide that in all of these sections where there is going to be a lot of unemployment, in all those sections, the Government is going to come in and take those people away and teach them some new trade, or some other foolish notion like that. What do you think about that? That has been the most revolting idea that has come to me since I have been a Member of Congress all these years. They say they are going to send people in to take your people away. Do not send them into my section of the country because my coal miners will not go away. I serve notice that we are going to stay where our families are, where the fathers and mothers are buried. We live in America. We do not agree to anything like that. Just think about that. They have prepared that kind of a law. They are going to come in and take all of our people. They will try to come in and take your textile people, they may come in and take some of your farmers. They had better not come into our section because we are not going to go. We are going to stay where God put us and we are going to stay where we have a right to stay.

This is yet America.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Rhode Island [Mr. FORAND].

(Mr. FORAND asked and was given permission to revise and extend his remarks.)

Mr. FORAND. Mr. Chairman, I am opposed to the enactment of the bill, H. R. 1, introduced by my friend and beloved chairman, the Honorable JERE COOPER.

I cannot support any measure which, in my opinion, will strike at the jobs and payrolls of the people from my great section of the United States, I refer to New England, and particularly my home State of Rhode Island. In my sincere and considered opinion that is what is at stake in the legislation that is before us today. In New England we are very

much concerned over what consequences will flow to our textile, lace, jewelry, and rubber footwear industries if H. R. 1 is enacted.

In the past I have supported trade agreements program legislation every time it came before the House for consideration, and the record shows that in supporting such legislation, I have always maintained and insisted that in administering the program, the executive should take appropriate steps to insure that he does not trade away an industry essential to our national welfare and security. I have always insisted that proper recognition be given to the line of distinction that exists between competition under free enterprise and destruction resulting from excessive imports of goods produced by sweat shop labor.

I was instrumental in having the escape-clause provision written into the law, at the time the Congress was writing the Trade Agreements Extension Act of 1951 and long before that to see that an escape clause was written into every agreement that was made. As a result, I am somewhat familiar with the congressional intent associated with the escape-clause provision of present law.

The intent of Congress was that the escape clause would be invoked by the President when it was shown that under an existing agreement imports of a particular article were of such quantity as to seriously injure or threatened to injure an industry.

The record of the Tariff Commission shows that the 59 applications made by industry for invocation of the escape clause were disposed of as follows: Pending 3, dismissed at applicant's request 3, terminated unanimously, without formal findings 2, dismissed after preliminary inquiry 8, Commission voting 3 to 3 on 3 cases, Commission split on 3 other cases, 5 to 1, 4 to 2, and 4 to 2.

The Commission decided against escape action and made no report to the President in 22 cases, Commission decided in favor of escape action and sent a report to the President in 12 cases, and in 3 other cases, when the Commission voted 3 to 3 a report was sent to the President.

Out of 59 applications for relief under the escape clause filed with the Tariff Commission, 15 reports were sent to the President. In only 5 cases was the escape clause invoked, the President refusing to act on the other 10.

It is not surprising, therefore, that I am very much disturbed over the way in which this intended safeguard to domestic industry has been administered since its enactment.

At the time Secretary Dulles came before our committee in the recently completed public hearings on H. R. 1, I discussed with him the matter of the administration of the escape clause. In response to a question from me, Mr. Dulles indicated that the escape clause has had a psychological value in that it tends to cause foreign countries to cut down exports to the United States.

I will state categorically that the escape clause was not written into the

law by the Congress of the United States for any psychological value it may have on foreign exporters but was instead included in the law to afford a safeguard and a measure of protection to our domestic industries.

Is it any wonder then that past experience prompts the question: "Who is to take the rap as a result of the new tariff powers given the President under the provisions of H. R. 1?"

The textile industry, including lace and narrow fabrics, is greatly concerned, and justly so, because textiles seem to be the principal item considered every time that a new agreement is considered. Tariff rates on textiles have been reduced to a point where any further reduction may well spell the doom of that industry.

This is very serious, particularly to my home State of Rhode Island where textiles furnished more than half of the job opportunities in the State a few years ago and today we find that this has been cut to about one-third, resulting in serious unemployment. Since 1951 the textile industry in New England has suffered substantial losses in production despite the fact that in the same period—from 1951 through 1954—all industrial production rose by 10 percent in the United States. The downward trend in the textile industry resulted in a reduction of 268,000, or 20 percent in the number of jobs in the textile industry. This loss in job opportunities in textiles is especially serious when it is considered that they have been heavily concentrated in relatively few communities. In 1950, 20 percent of all jobs in Rhode Island were in textiles. And let me point out to my colleagues that this loss of jobs is not limited solely to the New England area. In the 1951-54 period total textile jobs in the South declined by 41,000, or 7 percent.

An area or community stranded by the loss of one of its principal industries, such as textiles, finds it extremely difficult to attract other industries. In New England the textile industry is still the largest manufacturing employer with 170,000 jobs. In each of the States in the area it is an important economic factor. It is virtually axiomatic that one textile job lost and not replaced means a loss to the community of twice the textile-wages cutoff. Many other New England industries such as trucking, railroads, textile machinery, utilities, and the innumerable suppliers of goods and services, are dependent upon the well-being of the textile industry for their existence.

The enactment of H. R. 1 could give to the Japanese textile industry the power to destroy our domestic industry. The cost of producing various cotton fabrics in the United States exceeds the cost of producing the same fabrics in Japan by 43 to 70 percent and permits the Japanese textile industry to undersell American manufacturers in the American market even under the present tariff rates. I would direct my colleagues' attention to page 1646 of the printed hearings on H. R. 1 and refer them to the table comparing production costs in the United States and Japan.

Under present tariff conditions America's textile industry has already sustained serious reductions in employment, production, and markets. Any further tariff reductions that may be made under existing authority or under the authority which would be granted by H. R. 1, will surely represent the trading away of our American textile industry. The fact that our textile industry has been prosperous in the past cannot be construed to indicate further tariff cuts are in order. The pattern of imports in the past, during the abnormal postwar period, is not as significant as the trend of more recent years where we find United States imports of cotton textiles from Japan increasing from a level of 30.6 million square yards in 1953 to 50.3 million square yards in 1954.

A segment of the textile industry is the American lace industry comprised of some 80 manufacturing plants located in 9 States. The principal part of the industry is concentrated in my State of Rhode Island. I say to you, my colleagues, that I speak from personal knowledge when I say that in many of the communities in which these plants are located, the textile and lace factories provide the principal payrolls in those communities. Those payrolls provide American homes, schools, and taxes.

Principal foreign competition for our American lace industry comes from France. It is estimated that the American wages are approximately eight times those paid by the French in the lace industry. The American lace industry holds no significant technological advantage in efficiency or equipment. The decisive factor in the ability of foreign competitors to undersell domestic producers is the wide disparity in wages. It is therefore apparent that reductions of tariffs in this area will surely constitute the destruction of a small but great American industry.

I invite your attention to another industry whose very existence would be threatened by the enactment of H. R. 1. I refer to the low- and medium-priced jewelry industry. Nearly 75 percent of this industry is found within 20 miles of Providence. It is the second ranking industrial employer in the State of Rhode Island. Approximately one-third of the people of Providence depend solely upon this industry for their livelihood as do entire communities in southeastern Massachusetts.

It is a characteristic of the industry that it has a high labor cost factor. It is an industry in which American technology cannot be converted into production efficiency. Wages in this industry range from 40 to 60 percent of manufacturing cost. Principal import competition comes from Japan and Germany. Prewar imports of \$1.5 million a year have increased in the postwar period so that imports in 1953 amounted to nearly \$15 million.

This rise in imports matches, in timing and proportion, the rejuvenation of the Japanese and German jewelry industries. Price comparison between the foreign and domestic producers readily explain this import increase. Japanese

products are often landed, with duty paid, at 25 to 40 percent of the price of a similar domestic product. Imports from Germany are sold at 50 to 60 percent of domestic price.

A comparative study of the wages of our principal foreign competitors readily provides the basis for this extreme price differential. American jewelry production workers average about \$1.47 an hour, German workers about 32 cents an hour, and Japanese shop workers about 12 cents per hour. In view of these figures, it is apparent that further tariff concessions in the area of low- and medium-priced jewelry will result in the elimination of another American industry.

Mr. Chairman, there can be no disagreement that the passage of H. R. 1 will inevitably increase imports, with the heaviest burden falling on those industries already struggling to survive. I submit to you that this is not the time to authorize further tariff reductions. We have not had adequate opportunity under normal competitive conditions to study the consequences of the tariff concessions that have already been granted. It is essential that we have a considerable period of time in which to determine whether our present tariffs, under conditions which might be termed "competitively normal," are too high or too low to afford an appropriate measure of protection to our American standard of living. I am also concerned that safeguards are not written into the bill which will assure that tariff concessions will be granted on a selective basis with proper recognition given to the objective that we do not trade away any American industry. Our American standard of living is part of our American heritage and must be guarded as zealously as the other American virtues.

Mr. Chairman, the views I expressed here today are widely shared by the people I have the honor to represent in this Chamber and in the testimony of that statement here follows a letter I wrote to the Randall Commission over a year ago. I sent similar letters to the Secretary of State and to the Tariff Commission. I also offer a letter I addressed to the President of the United States.

Also, I offer for the RECORD a resolution adopted by the General Assembly of the State of Rhode Island; a resolution adopted by the City Council of the City of Woonsocket; an article appearing in the Pawtucket Times of December 17, 1954; an editorial appearing in the Pawtucket Times of February 1, 1955; an article by John C. Quinn appearing in a recent issue of the Providence Journal; and a resolution of the General Assembly of the State of Rhode Island approved by the Governor on February 11, 1955:

JANUARY 8, 1954.

CLARENCE B. RANDALL,
Chairman, Commission on Foreign
Economic Policy, Education and
Welfare Building, Washington, D. C.

DEAR SIR: The administration's slogan of "Trade not aid," plus recent newspaper reports that the Randall Commission looks with favor upon the idea of further reducing tariffs is causing a great deal of uneasiness and worry to many workers in my home State of Rhode Island, where unemployment

is mounting every day, through the reduction of working hours in some plants, the laying off of a part of the work force in others, and even the outright closing down of still other plants where the companies go out of business.

Several reasons are given for this change, which is having a dire effect upon our economy, and in practically every case the adverse effect of the tariff on our industries is given as the major factor. This applies to textiles, rubber footwear, and laces.

The lace industry is a small industry. It employs only a few thousand people, and apparently is looked upon by some as the type of industry that can be sacrificed on the altar of "Trade not aid," in an effort to help bolster the economy of friendly foreign countries.

I cannot accept that philosophy and respectfully urge your Commission to reject it.

Many so-called small industries are located in Rhode Island. They mean much to us and must not be sacrificed. Instead, they should be encouraged and given protection.

The Lever lace industry, which comprises some 80 mills, has 53 of these mills in Rhode Island and furnish employment to nearly 10,000 workers.

The low wages paid foreign workers, as compared to the wages paid for comparable work in the United States, is so out of proportion that unless proper tariff protection is provided our plants may have to close and our workers forced to join the ranks of the unemployed.

The argument that workers displaced in this manner could be retrained and the manufacturers given financial assistance in a changeover to other lines is not a sound one in my opinion. This presents several questions.

The first question is: What wages would be paid to the trainees? I am sure it would be far below what these experienced lace workers are now earning. The second question is: What would happen to the aged and other workers who would not be amenable to retraining? How many of them would be forced to go on relief? The problem this would present is a most serious one, not only of economics, but also of morale, and should receive most serious consideration.

The cost of the readjustment of these people, plus whatever financial aid might be given to the manufacturers could well exceed the amount of aid now given foreign countries.

In the name, and on behalf of these workers in the lace, rubberwear, and textile industries, I strongly urge your Commission to give these workers most serious consideration before you recommend any reduction in existing tariffs on these items.

Sincerely yours,

AIME J. FORAND,
Member of Congress.

P. S.—For your information, I am enclosing several samples of the hundreds of letters I have received on the subject from lace workers in my district.

FEBRUARY 4, 1955.

The Honorable DWIGHT D. EISENHOWER,
President of the United States,
Washington, D. C.

MY DEAR MR. PRESIDENT: May I add my voice to those of several others who have already communicated with you relative to the possible further reduction in tariffs on textiles, both under the provisions of the bill H. R. 1, which is now under consideration by the House Committee on Ways and Means, and also in the pending treaty negotiations going on between the Government of the United States and the Government of Japan.

I am sure you are aware of the fact that the textile industry is one of the largest industries of this country and that its welfare

is essential to the health of our economy, as well as to our national defense.

Textiles, including lace, constitutes the majority of the basic economy of our State of Rhode Island and, like other areas in New England, the Middle Atlantic States, and the South, where the textile industry is the chief industry, it is looked upon as the lifeblood of those communities. The industry has been depressed now for quite a long time and I am informed that in New England some 117,000 textile jobs have been lost, while in the Middle Atlantic States the figure is in excess of 25,000, while the figure for the South is around 52,000. All this in the space of about 2 years.

I realize that the vast majority of the people believe in reciprocal trade, but I feel that this program should not be carried on at the expense of a few industries, especially those like textiles, jewelry, lace, and rubber footwear, upon which the tariff rates have been constantly reduced. There is a point beyond which we should not go and I feel that that point has been reached, and it is for that reason that I join with others in requesting that you recommend to the Congress that the textile industry be excluded from the provisions of H. R. 1 and also from the negotiation with the Government of Japan.

With assurances of my highest esteem, I am
Very respectfully yours,

AIME J. FORAND,
Member of Congress.

STATE OF RHODE ISLAND
AND PROVIDENCE PLANTATIONS,
DEPARTMENT OF STATE,
Providence, January 19, 1955.

Hon. AIME J. FORAND,
House Office Building,
Washington, D. C.

DEAR REPRESENTATIVE FORAND: I am directed by the general assembly to transmit to you the enclosed certified copy of House Resolution 514, introduced by Representative Samuel Azzinaro, entitled "Resolution urging the President of the United States, the Congress of the United States, the Secretary of State of the United States, and the Tariff Commission to enact and maintain tariff rates on textiles, including lace, jewelry, and rubber goods imports," passed by the general assembly at the January session, A. D. 1955, and approved by the Governor on the 14th day of January 1955.

Very truly yours,

ARMAND H. COTE,
Secretary of State.

"H. 514

"Resolution urging the President of the United States, the Congress of the United States, the Secretary of State of the United States, and the Tariff Commission to enact and maintain tariff rates on textiles, including lace, jewelry, and rubber goods imports

"Whereas textile, jewelry, and rubber goods manufacturing are three of Rhode Island's major industries, employing over 54 percent of Rhode Island's manufacturing workers; and

"Whereas manufacturing is the foundation of the Rhode Island economy whereby over one-half of the entire State's population is directly or indirectly dependent upon such industries; and

"Whereas in all of these industries labor and labor costs are vital factors representing about 60 percent of the value of the manufactured product; and

"Whereas such products can be and are manufactured today in many parts of the world, often with the aid of the latest types of American equipment; and

"Whereas the consequent threat of price competition from low-wage countries abroad is very real; and

"Whereas recent studies by the United States Bureau of Labor Statistics indicate the large wage differentials which place American manufacturers at a decided competitive disadvantage; and

"Whereas the Rhode Island textile industry, including lace goods, represents about 30 percent of all manufacturing employment, and a total investment of \$300 million; and

"Whereas the jewelry industry employs about 19 percent of Rhode Island manufacturing workers; and

"Whereas the manufacture of rubber products represents a substantial portion of industry in this State; and

"Whereas this tremendous percentage of Rhode Island industrial workers would be forced into the ranks of the unemployed upon the closing of the mills and factories of this State: Now, therefore, be it

Resolved, That the President of the United States insist on increasing and maintaining proper tariffs on the imports of textiles, including lace, jewelry, and rubber goods imports; and be it further

Resolved, That the Secretary of State of the United States enter into no agreements and make no concessions to any foreign nation which would affect adversely the manufacture and sale of textiles, including lace, jewelry, and rubber goods imports; and be it further

Resolved, That the Congress of the United States, and more particularly the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives, take every legislative precaution in enacting proper legislation to insure the creation and maintenance of proper tariff rates on textiles, including lace, jewelry, and rubber goods imports; and be it further

Resolved, That duly certified copies of this resolution be transmitted forthwith by the Secretary of State to the President of the United States, to the Secretary of State of the United States, to the Tariff Commission of the United States, to the chairman of the Senate Committee on Finance, and to the chairman of the Committee on Ways and Means of the House of Representatives, and to the Senators and Representatives from Rhode Island in the Congress of the United States earnestly requesting that each use his best efforts to bring about the enactment and maintenance of proper tariff rates on textiles, including lace, jewelry, and rubber goods imports, to the end that the manufacture and sale of such goods in the United States are not jeopardized."

STATE OF RHODE ISLAND
AND PROVIDENCE PLANTATIONS,
DEPARTMENT OF STATE,
OFFICE OF THE SECRETARY OF STATE.

I, Armand H. Cote, Secretary of State of the State of Rhode Island and Providence Plantations, hereby certify that the foregoing is a true copy of resolution urging the President of the United States, the Congress of the United States, the Secretary of State of the United States, and the Tariff Commission to enact and maintain tariff rates on textiles, including lace, jewelry, and rubber goods imports, passed by the general assembly at the January session, A. D. 1955 and approved by the governor on the 14th day of January, 1955.

In testimony whereof, I have hereunto set my hand and affixed the seal of the State of Rhode Island, this 19th day of January, A. D. 1955.

ARMAND H. COTE,
Secretary of State.

CITY OF WOONSOCKET, R. I.,
February 3, 1955.
Congressman AIME FORAND,
House Office Building,
Washington, D. C.

DEAR SIR: I am enclosing herewith a copy of a resolution which the City Council of

the City of Woonsocket, R. I., had before it at its regular meeting held February 2, 1955. The council then took the following action:

It was voted that this resolution be passed.

This copy is sent to you in accordance with instructions contained in the resolution.

Very truly yours,

W. CHESTER ROSE,
City Clerk.

Resolution in protest against lower tariffs on foreign-made textiles imported into this country

Whereas it is common knowledge that the entire textile industry in the United States has been in a depressed condition since 1952, even though other industries in this country have been prosperous; and

Whereas there is now pending before the Congress of the United States a bill proposing to give the President additional powers to adjust tariffs on imports into this country; and

Whereas the well being and prosperity of the entire New England region is dependent on a solvent and active textile industry; and

Whereas textiles can be manufactured in foreign countries at a much lower cost than can be manufactured in the United States because of the much lower wages paid in said foreign countries and because of the much lower standard of living there prevailing; and

Whereas the productive capacity of foreign textiles has greatly increased in the recent past because of the installation in said foreign countries of modern textile machinery, said installation having been made possible under the foreign-aid program of the United States; and

Whereas because of said increased productive capacity, thousands of yards of foreign-made worsted and woolen goods are now being imported into the United States even under present tariff rates on foreign textiles; and

Whereas it is apparent that the present tariff rates on foreign textiles should be increased and not lowered in order to prevent the ruin of the entire textile industry, the existence of which industry is so vital to the prosperity of New England and to the prosperity of the United States as a whole: It is hereby

Resolved by the City Council of the City of Woonsocket as follows:

SECTION 1. That the city council of this city hereby records its protest against the further decrease on present rates on foreign-made textiles.

SEC. 2. That the city council of this city hereby records its stand that the present tariff rates on textiles should be increased to a point sufficient to protect the textile industry of the United States.

SEC. 3. That forthwith upon the passage of this resolution a certified copy of same be forwarded to the President of the United States, to the Representatives in the Congress of the United States from the State of Rhode Island, and to the members of the Tariff Commission of the United States in Washington.

SEC. 4. This resolution shall take effect upon passage.

[From the Pawtucket (R. I.) Times of
December 17, 1954]

ROBERTS FORMALLY PROTESTS ANY TARIFF CUTS
ON TEXTILES

Governor Roberts today sent a formal protest to Secretary of State Dulles against making any tariff concessions on textile products on the ground that it would be disastrous to Rhode Island industry, business, and workers.

Textile production, the Governor pointed out, is the largest single industry in the State and employment in that field has already shrunk nationally because of the cutback

in Federal military procurement and failure of citizen demand to take up the slack.

In the declining domestic market and intense price competition, the Governor added, many mills have been forced to close down and Rhode Island, as a consequence, now has 20,000 unemployed textile workers. Any action further reducing the domestic market, he said, would be disastrous to the State's economy and additional tariff concessions on textiles would necessarily have such an effect.

The Governor's letter follows:

"I am advised that negotiations involving possible tariff concessions on textile-mill products are to be conducted in Geneva early next year.

"Since the production of textiles is Rhode Island's largest single industry, employing at the present time over 38,000 workers, or 30 percent of total manufacturing employment, this is obviously a matter of grave concern to our State. In 17 of Rhode Island's 39 cities and towns, the textile industry represents the major part of industrial employment. Rhode Island industry produces virtually all types of textile products.

"As you are probably aware, the textile industry nationally has suffered from a serious slump in the past 2 years, due to reduction of Federal military procurement and the failure of civilian demand to take up the slack. Shrinking domestic markets have been accompanied by intense price competition which has forced many mills throughout the country to close their doors. In consequence, Rhode Island already has some 20,000 unemployed textile workers.

"In the face of this situation, any action which would further reduce the domestic market for American textile products or intensify the present keen price competition would obviously be disastrous for Rhode Island industry, Rhode Island business, and Rhode Island workers. Additional tariff concessions on textiles would necessarily bring about one or both of these highly undesirable results.

"I cannot urge you too strongly not to grant concessions on textile products at the forthcoming conference in Geneva."

[From the Pawtucket (R. I.) Times of
February 1, 1955]

NEW ENGLAND MILLS NEED TARIFF PROTECTION

In the interest of the textile industry the Governors of the six New England States have made known to Congress their opposition to reduction in tariffs on textiles. Their special concern is with the proposal to permit President Eisenhower power to reduce by 50 percent tariffs on textiles made in Japan.

Attempts to solve one phase of the Japanese trade problem at the expense of the extremely vulnerable New England textile industry calls for the strong opposition of the six governors and the States' delegations in Congress.

A reduction in textile tariffs would cause great hardship. Such action is contrary to the interests of New England workers as well as to the national interest. Concessions to Japan would cause unemployment. That is matter of great concern. New England cannot afford more textile job losses. In the last four years more than 100,000 textile workers lost jobs in New England. Less than 50,000 of them found reemployment.

The textile industry is not a "growth" industry. It has substantial over-capacity and has no growing market. That it has no growing market is demonstrated by the following figures: per capita consumption of textiles has dropped 20 percent, cotton consumption is off 12 percent, sales are down 29 percent and prices down 44 percent.

That is the situation in the domestic market. Consider the damage inherent in concessions to Japanese textile operations. At this time Japanese combed ginghams are landed in New York at prices 5½ cents per yard below the cost of production in New

England. In New England broadcloth production costs 29.7 cents a yard without profit. It is made in Japan for 20.7 cents a yard. Lawns which cost 26.4 cents a yard to manufacture in New England cost 15.6 cents a yard to make in Japan.

The New England-Japanese cost differential is much greater than the North-South textile differential, under which New England lost 75 percent of its cotton-synthetic textile industry and more than 250,000 jobs in the last 30 years. That experience in the domestic market manifests the greater injury which can be inflicted on the New England industry if the product of 12 cents an hour Japanese workers is allowed to flood the American market.

If in the interest of foreign policy and foreign trade tariff cuts must be made they should be put on the growing industries where increased imports can be absorbed in rising markets, and not on a vulnerable and declining activity, the textile industry of New England.

THE MILL CLOSES, AND 63.7 PERCENT OF WORKERS STILL LACK JOBS (By John C. Quinn)

How are Providence area textile workers, made idle by mill liquidations, making out in tracking down new jobs? The answer would seem to be not too well.

Dr. William H. Miernyk, director of the Bureau of Business and Economic Research at Northeastern University, has just finished studying the case histories of 132 such displaced mill hands in the Providence labor market. His report paints this picture:

Forty-eight of the former workers—that is 36.2 percent of the cross-section interviewed—were working when questioned by the study group.

Of this group 34, or 25.6 percent, still were holding the same jobs they landed after the mills closed while the other 14, or 10.6 percent, had had to change jobs several times to stay on a payroll.

The remaining 84 idled workers—63.7 percent—were unemployed.

NINETEEN QUIT JOB HUNTING

That jobless figure includes 17, or 12.9 percent, who had held jobs at some time since their lay-offs; 48 or 36.4 percent—the largest single category—who had been out of work ever since the mills closed, and 19, or 14.4 percent, who had quit job-hunting and technically were withdrawn from the labor force.

The reemployed rate of 36.2 was lower than Dr. Miernyk recorded in Lowell, Lawrence, or Fall River studies, but was higher than New Bedford and a nontextile town which forced displaced workers to choose between new lines of work or new communities.

The Providence labor market sampling of 132 former mill workers was the smallest in the six-community analysis, but the report noted that the findings on practically every count followed the same ratio as was recorded throughout the area.

In this project, the Providence labor market coincides closely with the city's metropolitan area, taking in the Massachusetts towns of Attleboro, North Attleboro, Bellingham, Blackstone, Millville, Seekonk, Franklin, and Wrentham.

As background, it was noted that of the nonagricultural workers in this area in 1953, 33.2 percent were in textiles, 16.1 percent in jewelry, 11.1 percent in nonelectrical machinery, and all other categories run under 6 percent each.

For this area's survey, a sample of 10 percent of the displaced workers from each of three liquid mills was selected at random from lists provided by the CIO textile union. The mills were not named, but were identified in this way:

Mill A was a century-old dyeing and bleaching plant that closed in the spring of 1952 after its payroll shrank from a normal 350 to 200 workers.

Mill B. 1 of 3 Providence area subsidiaries operated by a large textile concern, produced fine-combed cotton goods. It was liquidated in December 1952, after its payroll dropped from 650 to 350.

Mill C was an integrated mill with combing, spinning, weaving, dyeing, and finishing operations. It closed in December 1953 with a loss of 2,000 jobs. This shutdown was the only surprise of the three because the plant had had a \$5 million modernization just 2 years before.

ONE HUNDRED AND THREE QUESTIONED IN PERSON

The random selection of the three union lists gave a sample of 246 former workers. Of these 103 were interviewed in person and 29 replied to mail questionnaires for a study tally of 132.

The average age for this Providence sample was higher than in most of the other studies. About 80 percent of the women and 55 percent of men were more than 46. And there was also the highest proportion of men here, partly expected because of their prominence in dyeing and finishing work.

Table 1 includes here pinpoints this distribution.

Table 2 speaks for itself in further detailing the luck of these displaced workers, according to sex, in hunting up new jobs.

As in all of the other study areas, the older workers ran into the toughest trouble in seeking reemployment, although the Providence age average was slightly higher.

Nevertheless, Dr. Miernyk found that all employed workers were under 55 years of age, two-thirds of the employed men were under 45, 53 percent of the employed women were between 46 and 55, and 75 percent of those not employed were past age 45.

Table 3 tells this story in detail.

TABLE 1.—Age and sex distribution of the sample workers

Age	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
Under 25.....	5	6.6	-----	-----	5	3.8
25 to 35.....	15	19.7	4	7.1	19	14.4
36 to 45.....	15	19.7	8	14.3	23	17.4
46 to 55.....	11	14.5	22	39.3	33	25.0
56 to 65.....	19	25.0	16	28.6	35	26.5
66 and over.....	11	14.5	5	8.9	16	12.1
Unknown.....	-----	-----	1	1.9	1	.8

TABLE 2.—Experience of former millworkers

Age	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
Employed, 1 job since layoff.....	23	30.3	11	19.6	34	25.6
Employed, several jobs since layoff.....	10	13.2	4	7.1	14	10.6
Unemployed, had job since layoff.....	27	35.5	21	37.5	48	36.4
Unemployed and out of labor market.....	7	9.2	12	21.4	19	14.4

TABLE 3.—Age distribution by employment status

Age	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
Under 24.....	5	15.2	-----	-----	5	10.4
25 to 35.....	11	33.3	1	6.7	12	25.0
36 to 45.....	6	18.2	4	26.7	10	20.8
46 to 55.....	2	6.1	8	53.3	10	20.8
56 to 65.....	9	27.3	2	13.3	11	22.9

TABLE 3.—Age distribution by employment status—Continued

UNEMPLOYED						
Age	Male		Female		Total	
	Number	Percent	Number	Percent	Number	Percent
25 to 35.....	4	9.3	3	7.3	7	8.3
36 to 45.....	9	20.9	4	9.8	13	15.5
46 to 55.....	9	20.9	14	34.1	23	27.4
56 to 65.....	10	23.3	14	34.1	24	28.6
66 and over.....	11	25.6	5	12.2	16	19.0
Unknown.....			1	2.4	1	1.2

It will be noted there is no listing under employed for ages above 66 nor for unemployed under 25 because none of the 132 displaced workers were in these categories.

S. 163

Resolution requesting the Senators and Representatives from Rhode Island in the Congress of the United States to take the proper steps necessary to protect and preserve the Rhode Island lace manufacturing industry

Whereas the American lace manufacturing industry, 54 of whose 80 plants are located in Rhode Island, has suffered and still suffers increasingly serious difficulties as a result of tariff reductions effectuated under the trade agreement with France which became effective June 15, 1936; and

Whereas reductions in tariffs since that date have driven the manufacture of veillings in America completely out and badly handicapped the manufacture of bobbinet and all other products of lace machines; and

Whereas in addition to the above circumstances under which the industry has suffered grave injury, there is at present before the Congress a bill, H. R. 1, which would grant the executive the right to reduce to 50 percent all tariffs that are over 50 percent of the value of the imported goods and reduce all other tariffs 15 percent at the rate of 5 percent per year for 3 years; and

Whereas French and other foreign officials are already drawing up lists of duties they wish cut, including lace duties, in the event of passage of H. R. 1; and

Whereas any further reduction in duties on lace may well mean the annihilation of the American lace manufacturing industry and the loss of employment by its thousands of skilled employees, many of whom are located in Rhode Island: Now, therefore, be it

Resolved, That the Senators and Representatives from Rhode Island in the Congress of the United States be and they are hereby urgently requested to take the proper steps necessary to protect and preserve the Rhode Island lace manufacturing industry; and be it further

Resolved, That duly certified copies of this resolution be transmitted by the Secretary of State to the Senators and Representatives from Rhode Island in the Congress of the United States.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield to the gentleman from Arkansas.

Mr. HARRIS. As I understand what the gentleman refers to as the escape clause, when these conditions are found to be true, then that part of the agreement is nullified.

Mr. FORAND. The President notifies other countries that as of a given date—and I believe it is a 6-month lag—they will have to reduce the amount of merchandise sent in, or they will discontinue the agreement. That is my understanding.

Mr. HARRIS. That is what is meant by the escape clause?

Mr. FORAND. Correct.

Mr. HARRIS. I thank the gentleman.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. VAN PELT].

Mr. VAN PELT. Mr. Chairman, I rise in opposition to H. R. 1. In my opinion the reciprocal trade agreements program has proved harmful to industry, to agriculture, and to labor. In the brief time allotted to me I shall tell briefly why I think so.

Granted that our industry is more efficient than any in the world; still many of our smaller industries are no more modern than those of foreign countries. The cost of raw materials and the efficiency of workers is about equal. Consequently, wages constitute the chief difference in costs of production. As you know, wage rates in Europe and Japan range from one-third to one-tenth those paid in this country. Overtime pay abroad averages 25 percent above regular pay; here it averages 50 percent. Thus our costs are from 3 to 10 times as high as our competitors. How can we compete without protection?

Our industrial economy has reached its present status under a protective tariff. Costs have been geared to such a system. To remove tariffs entirely would seriously injure many industries. It seems to me that the object of our tariff is to prevent our wage and labor standards from crumbling under the onslaughts of cheap foreign products.

Proponents of reciprocal trade claim that we must import in order to export. I believe that we do not need to expand exports and imports as much as other nations do. Our home market is extensive. To increase our export trade would be injurious to many of our allies. They must depend on foreign trade far more than we do. If we increase our exports we injure industries which are vulnerable to import competition.

Numerous industries vital to our defense literally have their backs to the wall. Cheap foreign imports have cut deeply into their markets. Trained personnel is drifting from the industries. Costs are mounting. Removal of present tariffs would force many out of business. Yet we must rely upon them in emergencies or bank on uncertain foreign sources.

In agriculture we face a serious problem. Under the price-support programs, farmers have enjoyed the protection of reasonable tariffs and import quotas. In order to maintain our price-support policy, it seems necessary to restrict the importation of farm products. It is self-evident that if agricultural products are imported into a domestic market already adequately supplied prices will be driven still further below the parity price. Any reduction in tariffs would unleash a flood of agricultural products which would further hamper any farm program the Government undertakes.

Proponents of increasing imports state that all that is necessary to carry out their program is a retraining of workers who are made redundant by increased

imports. However, many more workers are employed in industries and agricultural pursuits that are exposed to injury from imports than are employed in producing and servicing all our export goods. The ratio is probably about 5 to 1. About 25 percent of our work force is employed in import-vulnerable industries. This group is found in all States. It seems to me that it would be difficult, if not impossible, to retrain one-quarter of our total work force. Not only is it not a feasible project economically, but it is even less desirable socially. Think of the forced retirement of older workers; of the disruption of social ties; of the ghost towns which would be prevalent in one-industry areas. This is too large an order for our economy to undertake.

In conclusion, I have tried to show that the reciprocal trade agreements program has not helped industry, agriculture, or labor. Of necessity, my remarks have been brief. I believe, however, that they can be buttressed by a wealth of factual information.

Like other Members of Congress I have received many letters from manufacturers describing the problems which they already face from foreign competition. As a part of this statement, I extend and revise my remarks and include a number of typical letters I have received concerning H. R. 1:

The DIAMOND MATCH CO.,

Oshkosh, Wis., January 28, 1955.

Hon. WILLIAM K. VAN PELT,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN VAN PELT: Tariff-making policy is a function of the legislative branch of the Government which should not be given up readily.

National policy for years has been wholesome competition, and the Congress has enacted many laws to maintain fair competitive measures.

Congress has enacted legislation to give the American workingman minimum hourly wage rates, 8-hour day, workmen's compensation, safety measures while working, collective bargaining, old-age pensions, child-labor laws, and many other benefits enabling the American employee to improve his status.

In other words, as in sports, lightweights do not compete with heavyweights, amateurs do not compete with professionals, high schools do not play colleges, and all along the line recognition is given to the circumstances surrounding the competitors.

Business is somewhat similar. An American firm must follow the laws laid down by Congress. We cannot compete with the foreign producer who produces a low-cost product by ignoring methods prevailing here.

The laws and regulations governing employment make jobs better but do not produce them. They are inoperative to a man who does not have a job.

Trade agreements which do not recognize these factors may throw men out of work because of unfair competition.

Immigration laws are very strict, and many undesirable aliens are kept out of our country for various reasons. On the other hand, if the alien is admitted, he immediately comes under our laws, and the product of his endeavors has no advantage over fellow Americans.

If he stays in his own country, he often contributes to a product low in cost, because the safety measures used in America, do not prevail in many foreign countries, and their product is low cost not because of efficiency

but rather because they ignore those factors believed to be essential here.

The American sense of fair play should not be ignored, and Congress is the protector on tariff issues.

It would be very unfortunate if the laws to protect the American workingman are a contributing factor in reducing his opportunity for employment.

Yours very truly,

THE DIAMOND MATCH CO.,

By FRANKLIN MOORE, Manager.

RIPON KNITTING WORKS,

Ripon, Wis., December 29, 1954.

Hon. WILLIAM K. VAN PELT,

Member of Congress,

House Office Building,

Washington, D. C.

DEAR CONGRESSMAN VAN PELT: In accordance with our telephone conversation this morning, I am enclosing the testimony submitted by the president of the National Association of Hosiery Manufacturers before the Committee for Reciprocity Information relative to tariffs on Japanese wool hosiery and slipper sox. I also submitted a table showing the extent to which the Japanese have taken over on slipper sox, the item which we conceived, originated, merchandise, nationally advertised, and successfully popularized with the American people. It seems totally unfair to us that Japanese labor earning 10 percent of what we are forced to pay, should with our Government's sanction and approval, force a 75-year-old company such as ours, to liquidate.

Three years ago there were some 60 manufacturers of slipper sox and today to my knowledge all but two of them have been forced out of business because of Japanese competition.

This is a crisis as far as we are concerned. Rather than drop the import duty as has been suggested by the Interdepartmental Committee on Trade Agreements, we feel that the duty should be raised to 100 percent unless we want to throw American men and women out of work to give jobs to the Japanese.

Anything you can do in behalf of our company and our employees will be greatly appreciated.

Sincerely,

RIPON KNITTING WORKS,

STANLEY M. HERLIN,

President and General Manager.

THE HOUGH SHADE CORP.,

Janesville, Wis., December 30, 1954.

Hon. WILLIAM K. VAN PELT,

House of Representatives,

Washington, D. C.

DEAR CONGRESSMAN VAN PELT: It is hoped that this letter, together with other material which we are enclosing, will acquaint you more thoroughly with a small but relatively old industry which in many respects has its roots in Wisconsin.

The woven-wood-fabric industry manufactures woven-wood-slat porch shades, interior window shades, decorative floor screens, and ventilating folding doors for wardrobe closets. These products are sold direct to department stores and to dealers and builders through distributors.

Over 95 percent of the domestic output of these products originate in the factories of five small companies. These are: Hough Shade Corp., of Janesville, Wis.; Consolidated General Products with plants in Houston, Tex., and Waukesha, Wis.; Warren Shade Co., of Minneapolis, Minn.; the Columbia Mills, Inc., of Syracuse, N. Y.; and Williams Manufacturing Co., of Constantine, Mich. These 5 companies employ about 800 people in their factories. Their total capitalization last year was just over \$3 million. Two of these companies have plants in Wisconsin and all of them buy their most important raw material from Wisconsin sawmills.

After many years of quite successful operation, the industry is now facing foreign competition which is absorbing more and more of the domestic market. The competition of imported bamboo products in extremely crude form, has gone on for many years. The domestic industry has been able to live with this situation, and up until about 3 years ago there appeared to be little change in the amount or quality of the imported products. There has, however, been a drastic change in this situation in the last 3 years. Figures submitted to the Committee for Reciprocity Information and the United States Tariff Commission on December 21, 1954, showed that during the past 3 years, there has been a tremendous increase in the rate of importation of competitive products from Japan. This increase has reached the point where this year 85 percent of the square footage sold in the domestic market was supplied by importers. Further it was demonstrated that during that same period there was a net decrease in that portion of the domestic market which the United States industry supplied. It is becoming increasingly obvious that present tariffs on woven-bamboo and woven-wood products are proving no deterrent to the importers of the competing foreign products.

As is pointed out in the enclosed statement of the Woven Wood Fabric Industry, the Japanese foreign competition consists of both bamboo and woven wood products. The entry into this country of woven wood products from Japan is a startling and recent development. This is a matter of special interest to the State of Wisconsin because the woven wood fabric industry is uniquely a Wisconsin industry. We say this because of the fact that the source of our chief raw material is basswood. As we have already stated, the whole industry relies on Wisconsin as a source of northern basswood, since this important forest product has been long recognized for its superiority in woven wood products.

The woven wood fabric which is now coming into this country from the Orient is manufactured largely from *Tilia Japonica* or Shina Wood. This species of tree belongs to the basswood family and the importers and retailers can and do represent the imported product as being made of "basswood." The words "northern basswood" have been used in conjunction with national advertising of our products for so many years that our customers and the general public think of woven wood fabric products and northern basswood as closely associated terms. The unlicensed use of the word "basswood" together with no labeling of the foreign product when it comes into the country in rolled-goods form and is partially assembled into the finished product here is misleading. The Federal Trade Commission has been asked to check on this aspect of the problem since it is obvious that herein lies a situation in which the buying public can be deceived. Such a deception takes place when a consumer buys a product made from this imported material. He will find it below the standard of quality established by the domestic manufacturers but has no way of knowing that it is of Japanese origin.

The extent to which foreign woven wood fabric and woven bamboo undersell our domestic products was stated in considerable detail by the writer in appearances before the Committee for Reciprocity Information and the Tariff Commission earlier this month and also in our industry statements filed with both the committee and the Commission. Copies are enclosed.

The plain fact is that Japanese labor costs permit underselling in spite of existing tariffs. This is due to the fact that the Japanese wood products worker averages about 11 cents per hour or \$23 per month in wages as compared with \$219.12 per month for the average worker in our industry.

We cannot emphasize too strongly the danger we see for our industry from this vast new enterprise which is apparently just getting underway in Japan to flood the American market with woven wood fabric products which apparently are going to be represented as basswood. We have been informed by importers that American woodworking machinery has been moved into Japan and it is from this machinery that the woven wood fabric products are being produced, which are of a much higher quality than the old product of woven bamboo. Consider if you will, the advantages of the Japanese industry as compared with the domestic industry, now that modern machinery is available to Japanese manufacturers and their labor costs remain less than one-tenth that of the domestic industry.

We are told that the matter of general tariff reduction is to come up for discussion in the House of Representatives early in the 1955 session. This we understand is in connection with the forthcoming negotiations concerning the General Agreement on Tariffs and Trade. We earnestly urge you to consider the comments in this letter together with the material contained in the statements which have been submitted to the CRI and the Tariff Commission. As a representative of the State of Wisconsin, we believe that you will feel as we do, that this is a matter of urgency with disastrous potential more far-reaching for our State than in any others.

Cordially yours,

HOUGH SHADE CORP.,
JOHN E. HOUGH, *President*.

Madison, Wis., February 11, 1955.

HON. WILLIAM K. VAN PELT,
House of Representatives,
Washington, D. C.

DEAR REPRESENTATIVE VAN PELT: We here at Ray-O-Vac have been very much concerned for sometime, for ourselves and for industry in general throughout the country, because of the influx of low priced merchandise, often copying specifically, and competing with the products of this country made by labor with a high standard of living thereby creating a higher cost and a bad competitive situation with the cheap foreign goods.

Our own experience is in the flashlight case field. In the year 1948 there were 12,000 flashlight cases imported into the United States from Hong Kong and for the year 1954 this had increased to 6,874,000, or in the neighborhood of from 15 to 20 percent of the consumption of flashlight cases in this country. Cases which are copies of our own sell for 39 to 49 cents where we must get over a dollar at the distributor level. This has directly affected the operations of our flashlight case plant in Clinton, Mass., and we now are employing approximately 200 less people than were employed heretofore, this being a reduction of approximately one-third of our normal employment.

We are further concerned when we read in the morning's papers that bill H. R. 1 has been voted on favorably by the Ways and Means Committee and is now going to be considered on the floor of the House of Representatives. This bill, we understand, continues the program of negotiating reduced tariffs and may give additional latitude in this direction.

Free trade makes a good theoretical goal but until the concepts, business practices, and the elements which create the basic standard of living of peoples in various countries are in some measure comparable to ours, the employment of people in this country is going to suffer by a general influx of foreign goods made under low standard of living conditions.

My colleague here in Ray-O-Vac, Mr. J. C. Ryan, executive vice president, presents

three basic American concepts of political and economic philosophy which differ greatly from those held by all the rest of the world:

1. Our attitude toward labor. We honor labor; the rest of the world debases labor.
2. Our attitude toward competition. We insist upon it; the rest of the world refuses it and holds tenaciously to the cartel system.
3. The idea of statism. We reject it; the rest of the world accepts it.

Don't you agree with me that our position in connection with the three items above is the basis for our high standard of living and our freedom for the individual?

It appears quite clearly to us that until there has been some change in general foreign attitude on the three concepts listed above, the standard of living will not be raised in other countries of the world and until this standard is raised, working people of those low standard countries will be unable to purchase a portion of the goods which they themselves manufacture and therefore these goods will be shipped to the United States at low prices to compete with our own production.

As manufacturers in the foreign field for foreign markets, we have firsthand experience with this subject. I request, in the interest of the American people and their standard of living and in the interest of American industry, that you oppose the continuance of the negotiating of tariffs as proposed in H. R. 1.

Yours very truly,

D. W. TYRRELL,
President.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. HENDERSON].

Mr. HENDERSON. Mr. Chairman, the issue before the committee today is a matter of grave concern to the industries and people of the 15th District of Ohio, where the provisions of H. R. 1 are well known and understood. I must inform my colleagues today that these provisions are most vigorously opposed by the people in my district, who recognize in them a direct threat to their economic welfare. They believe, as do I, that the passage of this legislation would signal the flooding of our markets with products on which the prosperity of my district is so vitally dependent. Coal, glass, and pottery are among the principal products of the 15th Congressional District, and in the case of each of these products there is a long and unhappy conflict with the wares of cheap foreign labor which have entered our market places because of low-tariff policies in the past. Further tariff reductions of the type authorized by H. R. 1 would spell economic disaster.

I must point out that the pottery and glass industries have been major sources of employment and income in southeastern Ohio. Likewise, these industries have for years suffered from the effects of lowered restrictions upon imports.

I believe that it is imperative that the consequences of this legislation be discussed clearly in this debate in terms of their effect on American prosperity. Since the pottery industry is an important component in the economy, I should like to point out what further tariff reductions on pottery products will mean. By way of explanation, the pottery industry includes not only producers of small household products but also a wide

range of ceramic items. All members of the industry have been similarly affected by the problem of foreign competition. For instance, in my district the Mosaic Tile Co., a foremost manufacturer of floor and wall tile, with plants in several other American communities, must meet competition from the same foreign sources as producers of other pottery products.

Among the principal pottery-producing nations of the world, the hourly wage paid in foreign pottery plants is less than one-fourth of that received by American pottery workers. Since almost 65 percent of the total cost of products in the manufacture of pottery represents labor costs, the meaning of this basic fact is clear to any reasonable person who wishes to determine why American pottery so often cannot be competitive price wise with foreign production.

I believe that the Congress must always be guided by the welfare of the American consumer. In this regard, some of the proponents of this bill have contended that the importation and sale in the American market of cheaper foreign products would create consumer demand and thereby strengthen our economic fabric. To my mind, such a superficial answer to this problem is economic wool-gathering. Our economic welfare cannot be strengthened by a calculated policy which would destroy the purchasing power of any section of our Nation or segment of our productivity capacity.

The American standard of living, standing tremendously higher than the standards achieved in any Nation in the world, is based upon continued high purchasing power. No member of this Chamber, including the proponents of H. R. 1, wishes to create an economic climate of lowered wage rates and reduced spending power in this Nation. Nevertheless, I believe in the passage of this legislation as it is presently drawn, we may be taking a direct step toward that end. This conviction is necessarily based upon my intimate knowledge of the economy of southeastern Ohio and its long struggle with the tariff question.

Likewise, the coal industry in my district has suffered greatly from the importation of foreign residual fuel oil. The forced exodus of coal miners from our mining communities may be principally ascribed to oil imports. That such a process should occur has wrecked great personal hardship to our mine workers. I do not wish to minimize what this hardship has meant in either personal or economic terms. However, in an even larger sense, it may be calamitous, since our industrial strength is dependent upon coal to support the factories and utilities which are the sinews of America's military might. Should we have need to mobilize our economic forces, the closed mines and the decimation of our groups of skilled workers will constitute a problem of paramount gravity.

It has been alarming to me to hear the theory advanced that by some process of planned economic osmosis, workers in plants displaced by competition from abroad will be absorbed in other industries in other communities. It is even suggested that the Federal Govern-

ment might lend assistance in this process. In other words, it is envisioned that the full exercise of the authority granted in this bill could create a situation akin to a gigantic chess game in which many of our established industrial facilities and the people and communities which depend upon them could be the pawns. This kind of State control through the creation of economic conditions necessitating it would be repugnant to me. If it is now believed that the Federal Government must minister to great domestic ills created by our tariff policy, then it would seem to me that our tariff policy itself must receive greater study. I believe the Congress should eliminate the necessity for such contrived largesse through the enactment of legislation which will protect and enforce our domestic and industrial strength on which the freedom of so much of the world has been dependent for almost two decades. Our policies must stimulate the prosperity of the free world, but let us not forget that it is America's industrial arsenal which has defeated tyranny in two world wars and stands today as the ultimate bastion of world security against Communist aggression.

Certainly, tariffs can be reduced in many instances without harming domestic producers. When this may be accomplished, I wholeheartedly favor such action in the belief that barriers to trade among nations should be eliminated whenever possible. Yet, I cannot favor congressional authorization of any measure which will reduce American economic strength.

Mr. Chairman, I have received a great volume of communications from the people of the 15th district expressing their opposition to H. R. 1. These messages represent the concern of the operators of industrial and commercial enterprises, labor organization, and private citizens who recognize the threat this legislation poses. In conclusion, I wish to submit a petition signed by more than 1,000 men and women in the 15th district expressing this concern. This petition reads as follows:

To Hon. JOHN E. HENDERSON,
Representative from Ohio.

Whereas the Congress of the United States is currently considering a measure to extend the Reciprocal Trade Agreements Act and permit reduction of tariff restrictions on pottery, glass, and residual oil; and

Whereas the manufacture of pottery and glass is a very vital source of income in southeastern Ohio, as well as the source of millions of dollars in revenue for the Government; and

Whereas the existing low tariff has already proven most disastrous to the economy of Roseville, Crooksville, Cambridge, Newark, Lancaster, and other pottery communities in this section; and,

Whereas any further reduction of this tariff would spell utter ruin for pottery and glass industries, as they cannot compete on a free-trade basis with countries producing pottery and glass who pay a wage of less than one-fourth of the American standard.

Therefore, we the undersigned (1) pottery and glass manufacturers and employees, (2) suppliers, transportation companies, wholesale and retail dealers, jobbers, and their salesmen and employees, all incident to the manufacture and sale thereof, (3) tradespeople and employees, whose income and livelihood is dependent thereon, (4)

property owners, taxpayers, and all others who would suffer untold loss from the ruin of the principal industry in this section of Ohio, do hereby humbly petition you, our representatives to heartily oppose this measure, and thus preserve these American industries for the American people.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New Hampshire [Mr. Bass].

Mr. BASS of New Hampshire. Mr. Chairman, in my careful study of President Eisenhower's proposal to extend the Reciprocal Trade Act, and its probable impact upon the economy of New Hampshire and New England, I have been much disturbed by the harm this bill could cause our textile industry, should textile tariffs be further lowered. This industry with all its related products is the second most important manufacturing industry in New Hampshire. Recently it has been facing serious problems of adjustment and is currently in a depressed condition. It is important to the economic health and prosperity of New Hampshire that everything possible be done to prevent further decline in this important business. A further general reduction in tariffs on textiles might well cause a substantial increase in textile imports, particularly from those countries such as Japan whose wage rates are only a fraction of our own. This would make for even more intensified competition and might well be the straw to break the camel's back of our New Hampshire textile industry.

With this in mind, I have been in direct contact with the White House for the past month to obtain reassurances from the President and his advisers that they are aware of this problem as it peculiarly affects our textile business, and further that tariffs on textile products will not be further lowered.

I have had frequent conferences with Dr. Hauge, the President's economic adviser, Sherman Adams, and others. I have written the President directly on this problem asking such assurance. I have been definitely advised that the President is well aware of the textile problem as it relates to foreign competition, and that he will not further lower tariffs, should the Reciprocal Trade Act be extended. With this assurance and with this knowledge that our textile industry in New Hampshire and New England will thus be adequately protected, I can in good conscience support H. R. 1 as amended by the committee. This is probably the most important part of President Eisenhower's whole program. I am in agreement with the basic objectives and purposes behind this bill, providing as it does for moderate, gradual, and selective reductions on certain tariffs on a reciprocal basis only. We must maintain and expand our foreign trade for many reasons vital to the security and prosperity of this country.

First. Unless we help keep the economies of our friends abroad strong and healthy, their will and ability to resist Communist aggression will be seriously impaired. For instance, if we deny Japan the right to trade with us, she has no recourse but to turn to China and Russia for trade in order to survive.

Second. Our own economy and prosperity to a large extent depends on our export business. Approximately 4,500,000 people in this country have jobs that depend directly or indirectly on our exports. But this is a 2-way street. Unless we enable these countries to obtain dollars by allowing them to sell their goods to this country, they cannot buy our exports. The alternative is to continue huge sums of money for foreign aid, which no one advocates.

Third. Agriculture in particular is very dependent on exporting its surplus products. In New Hampshire our egg, poultry, and milk products are in surplus and must find a market abroad. New Hampshire agriculture has a vital stake in this bill.

Fourth. Even our textile industry has a big interest in our exports. Actually we export far more textile products than are imported. For example 1952 and 1953 exports of cotton cloth were about 4 times imports.

Fifth. Nor should we forget the consumer who is too often forgotten. By expanding our foreign trade the consumer benefits in not having to pay high prices for those products otherwise protected by trade barriers eliminating competition from abroad. Competition is generally a healthy thing in our free economy.

For these reasons very briefly stated, and with assurance that the President is aware of the textile situation and will not further lower textile tariffs, I am supporting H. R. 1 and will vote against the motion to recommit.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. KEARNEY].

Mr. KEARNEY. Mr. Chairman, I want to speak to you this morning on behalf of three divisions of the glove industry, namely, the leather dress-glove industry, the fabric dress-glove industry, and the knitwool glove and mitten industry, all of which are located in my district and, for the most part, are concentrated in the county of Fulton, New York State.

The fine leather dress-glove industry is largely confined to the Fulton County area, where practically 100 percent of ladies' leather dress gloves are manufactured, as well as about 50 percent of men's dress gloves.

Supporting this industry in this same area we have tanners who process raw skins into finished leather, all of which goes into the manufacture of gloves. Besides this, we have other industries, such as box and thread manufacturers, and many others who are solely dependent on the glove industry for their business.

In the Fulton County area we have better than 6,500 workers who devote their entire time to the manufacture of gloves, and who are dependent upon this industry for their livelihood.

The problem of the leather-glove industry has been one of imports ever since its inception; and, from year to year, it has never known where its source of competition would be.

Back in 1934, France was the principal supplier, only to be driven out of the market by a lower-cost producing country, Czechoslovakia.

Since the war new countries have come forth; and today we have Italy, France, and Germany, all competing in the domestic market with our American manufacturers.

Glove manufacturers have never scorned the idea of sharing a portion of their market with foreign sources, and the nature of the business is such that it lends itself to good, healthy competition. On the other hand, we are aware of the fact that wage rates in the glove-producing areas of this country are almost five times higher than those of foreign producers.

To expect us in a handicraft industry to be five times more efficient than our foreign competitors is to expect the impossible, and is a goal that can never be attained.

It is the hand labor in the manufacture of a fine dress glove that gives it its value and prestige characteristics; and no one as yet has found a way to handle the skin of an animal, which varies in shape, size, and weight, just as the skins of human beings would vary, by mass-production methods.

It is because of this fact that so much hand labor is involved; and, with labor accounting for 40 percent of the cost of the direct manufacture of leather gloves, you can well understand why we need a compensatory tariff to overcome the difference in the wage structure.

The same situation is true in tanneries. Glove leathers in foreign countries can be produced much cheaper than we can make them; and, inasmuch as we all buy in the same markets and have access to the same raw materials, it is this differential in labor rates that injures the earning power of manufacturers and depresses wage rates.

I would like to point out here that the leather-glove industry, as a whole, is a large international trader, purchasing over 90 percent of its raw materials from foreign sources, and 100 percent of its raw materials for fine leather dress gloves from foreign countries.

I ask you to visualize for a minute communities such as the cities of Gloversville and Johnstown, N. Y., where we have approximately 37,000 citizens; and almost every one of them dependent in one way or another on the fortunes of the leather-glove industry. You can well understand why I am so concerned about H. R. 1, which contemplates further reductions in our tariff rates over a period of the next 3 years.

For the most part the industry is made up of small units, located strategically throughout the cities and the county of Fulton, with each area depending on the local factories for their work.

Labor and management are constantly in a state of uncertainty, due to the fact that neither one knows from month to month just what foreign countries are going to do to their production, and labor never knows what they are going to do to employment. The result is that management never dares to take upon

itself a forward planning program, and a worker is never sure just how many weeks of employment he is going to get from year to year.

It is time, in my opinion, for Congress to permit these industries to survive which so well typify the American way of life, and which have made such great contributions not only to the local economy, but to the national economy as well.

The glove industry was called upon during the war years to meet superhuman demands and to develop specialized gloves for every branch of our services. What a ridiculous position we would place ourselves in if we were to continue building planes, guided missiles, and so forth, and not be able to provide the men with the hand covering so necessary to give them maneuverability.

It has been called to my attention time and time again how foreign countries get around our tariff rates, and the many abuses that are taking place today without the proper authorities taking action against them.

In the same Fulton County area which we have mentioned, we have developed since 1945 another branch of the glove industry, namely, the manufacture of fabric gloves. Today this industry is being jeopardized by having one portion of its production cut 50 percent, and that is the manufacture of gloves made from synthetic fabrics. At the same time, our negotiators are considering further reductions on cotton-fabric gloves.

This industry is new to our community and asks nothing but a chance to survive; but nothing puts a damper on expansion more than the possible threat of being put in deathly competition not only with European countries, but with the lowest wage-earning country of them all, Japan.

It is well known to this committee that our living and wage standards are the highest in the world; and to expect us to compete with the low standard countries that exist in the Orient, where they admit paying less than 12 cents an hour, will place our industries in a hopeless position.

In the city of Amsterdam, N. Y., the home of the carpet industry, in my district, the 32d District of New York, the industry is practically at a standstill. Since the hearings were first scheduled on H. R. 1, from the city of Amsterdam, N. Y., alone, I have received approximately 4,000 letters and cards protesting the passage of the bill. In addition to these, a petition was forwarded to Washington signed by 16,000 residents of the county of Montgomery, N. Y., of which Amsterdam is the principal city.

The carpet industry is on a par compared with the leather-glove industry and the knit-glove industry as far as competition with foreign-made products is concerned. Under the present conditions, under present laws, American men and women cannot be kept at work. This is why I am opposed to the passage of this bill. I understand that today there are approximately 4,000 people out of work in the city of Amsterdam, N. Y.

The knit handwear industry was founded in my constituency late in the last century. It prospered until the mid 1930's. Oriental competition stepped in and pressed it to the wall. It was granted relief under the flexible provisions of the Tariff Act of 1930. The relief was nullified by the import fraternity, but the industry sustained itself by virtue of the then consumer boycott of Japanese goods resulting from the China invasion, which tempered the volume of imports.

Following World War II, the knit handwear industry, with typical American initiative, improved its product, for which it attained greater consumer acceptance and a wider market. However, American initiative, know-how, and greater efficiency were not enough to maintain the industry's position in the market, once Japanese imports reappeared, starting in 1948.

By 1950, unemployment was widespread, and the early demise of the industry was averted by the sudden outbreak of Korean hostilities. The industry then became heavily engaged in the production of military handwear, and orders for civilian merchandise suddenly came to life from distributors who feared their import resources might be cut off.

Nevertheless, knit glove imports mounted each year, steadily preempting more and more of the market at the expense of American labor, until last year more companies went out of business and more people were unemployed than at any time in the history of the industry.

The prospects for the future are even worse. Obviously, the need is for greater, rather than less, tariff protection. I doubt, in such conditions as this, whether even tariff rate increases would offset the inequities between American and oriental wages. I am positive that only a quota, equitably arrived at, may be the answer—such as is provided in the Trade Agreements Extension Act of 1951.

My deep concern for the knit handwear industry is keenly augmented by one cardinal consideration which transcends the social and economic factors in such a case. That is the importance of this industry to our national welfare.

Two major products of this industry are listed as critical items by the Quartermaster General of the Army: Glove inserts, wool, and mitten inserts, wool, which rank Nos. 5 and 11, respectively, on the Quartermaster's list of essential cold-weather clothing for class A troops who habitually operate in the forward lines. Only this industry makes those two essential items. No other substitute items are available to take their place.

It is a matter of public record that this industry is suffering an economic hemorrhage due to inadequate tariff protection. I leave it to your better judgment whether this or any similar industry is worth maintaining as part of the economic life of this Nation. By one means or another, I submit respectfully, its case should be given the most serious consideration in the consideration of this bill, which I oppose.

Surely, in view of the economic conditions existing in the 32d Congressional

District of New York, which I have the honor to represent, no one in his right mind could expect that Representative to support H. R. 1.

In the city of Schenectady, just to give you a further indication of our economic conditions, let me say to you that the big American Locomotive plant is practically closed, with 9,000 American working men and women out of work, and the General Electric plant has laid off many workers.

I ask that the bill be defeated.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. Bow].

(Mr. BOW asked and was given permission to revise and extend his remarks.)

Mr. BOW. Mr. Chairman, there is probably very little new that can be said about this proposed legislation from the debates that we have heard in the past. There is one thing that I find that is somewhat new. We find the proponents of this legislation at this time suggesting that it is the legislation of a very distinguished and very great President of the United States. In the past when we have heard debates on this subject, the debate on the other side has apparently been the eulogy of a very distinguished Secretary of State, Cordell Hull. Mr. Chairman, so far as I am concerned you cannot change a product or its quality by changing the label on the package.

Mr. Chairman, H. R. 1, the extension of the reciprocal trade agreements program, is a violation of constitutional principle as well as of common sense economics. I am opposed to this measure, as I have been to the preceding measures that established and continued the trade agreements program.

The authority to levy duties and collect tariffs is granted to the Congress in the Constitution. Section 8, article 1, states:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises.

It is, in my opinion, a violation of the Constitution for Congress to delegate this authority to any other branch of government or individual.

Congress has abdicated its authority and responsibility in many ways during the past 20 years, and in every instance the difficulties that have followed upon the act have served to demonstrate once again the wisdom of those men who, with divine inspiration, conceived the great document upon which our Government rests.

The grant of authority to the President to establish the conditions of international trade was wrong constitutionally, and experience proves that it was wrong economically as well.

It is wrong economically because it ignores the economics of international trade. It seeks to make international trade an appendage of the political relationships between countries, and it gives the diplomats life-and-death control over American industries and jobs while they pursue what, to them, are more important questions of national advantage.

We are living in an era when Americans seem to feel that they must in

some way atone for the energy of their ancestors and the natural resources which together have given us a pre-eminence among nations. We atone by giving away billions of dollars worth of our resources—and now, when only the diplomats are still in favor of this cash giveaway—we are asked to subject ourselves to another sort of giveaway—a giveaway of jobs and investment by permitting unlimited competition with our own products. It is said that we must take the lead in establishing a closer understanding—a mutual good feeling—and that to do so, we must bolster the economies of foreign nations. We must make them more nearly our economic equals.

This is a fine and generous approach to international affairs. And we have come a surprising long way toward the objective. I do not believe we have had our money's worth from the \$57 billion in grants and credits we have lavished upon former foe and friend alike since June 1, 1945.

We cannot argue with the statistics that show their amazing economic recovery. In every major industry the nations that received our aid are producing at rates far greater than they ever achieved before World War II. Agricultural production also has advanced to levels never reached before or during the war. The economic recovery of Europe, due in large measure to our assistance, is an accomplished fact. I append hereto a chart showing this progress. There is every reason to believe that these nations—if they abandon internal bickering—if they establish sound domestic economic policies—if they work hard—can continue their progress without further assistance from us.

Certain of our internationalists, recognizing that it is politically impossible to continue the aid program, succeeded in selling the slogan "Trade, not aid."

Americans—overburdened with debts and taxes—assumed to give away \$50 billion in 10 years—found an appealing note in the suggestion that by encouraging trade we could dispense with the aid. Few stopped to consider that we should and would dispense with aid in any case. The quid pro quo idea caught their fancies.

This was not the case in the hundreds of American communities where the damage done by former trade concessions are apparent. Here the reaction has been different.

Here there are people out of work, factories closed, investments lost, because the fatuous policy of the free traders is destroying American enterprise, and in these communities we can find two reactions.

The first: Continue aid if necessary because aid is a debt upon all the American people, as the expense of any foreign policy should be, rather than a penalty on those whose products are in competition with cheap imports.

The second: Bitter rejection of both programs and a suggestion that the policy of our country must deal first with the welfare and prosperity of our own people.

If your job is gone, if your investments are lost, if the principal industry of your small town is out of business—if this occurs and seeking the reason, you are told by an official of the United States that it was necessary because America must encourage imports of a foreign competitor, some bitterness surely is excusable.

If, in addition, the representative of your State Department, a servant of your Government paid by the taxes you will no longer be able to pay, tells you it happened because you are an inefficient producer, bitterness is a mild reaction.

This is going on in America. As a result of 20 years of State Department and Executive interference with our tariff program, factories and shops are closing, jobs have vanished, investments are worthless, and many a small industrial city is left without support.

The representatives of these industries trooped before the Ways and Means Committee, along with representatives of other industries that are just beginning to see the handwriting on the wall. The mail of every Member of this House has contained factual examples of small American businesses in dire distress, or out of business, because they were stripped of the protection they are entitled to have from their own Government.

Read the list of industries adversely affected by cheap imports under the trade agreement program. Consider the farmers whose products are being forced into the surplus commodity cellars of our Government because the diplomats want to encourage competitive imports. There are few men in this House who cannot find a producer back home who is economically distressed by reason of this program.

The most distressing aspect of the situation is that this list grows longer each year. Depression and war-inspired markets disturbing the normal order, concealed for long years the full import of free trade. The first 15 years of the reciprocal trade agreement program, a period of abnormal world conditions, postponed the effects of reduced tariffs and inadequate protection. But, as time goes on, and as the recipients of our aid grow in economic capability, the damage to our own producers is becoming greater and more apparent. We are beginning to realize the full extent of the sacrifice we are asked to make in the name of free trade.

This is the sacrifice that we are making and continue to make each time we ignore the Constitution. No true and devout Christian will attempt to live his life outside the precepts of the Holy Bible. No true and patriotic American will attempt to preserve the liberties and freedoms of this Nation while violating and ignoring the Constitution.

Every man here knows what has happened to the price of eggs in the face of Canadian imports. Eggs are produced in every county in America, and almost everywhere they are the pin money of the farm wife. Eggs are one of the many commodities that have been stripped of protection by reciprocal trade agreement. Imports of eggs during the past

several months have been a factor in driving the price down to a point where American farmers can ill afford to continue their production.

Our coal and oil industries similarly are victims of imports encouraged in the name of good-neighbor relations. Foreign dumping has cut production of oil in my own State of Ohio—it has inhibited the development of the vast new oilfields in North Dakota and Montana—and it has thrown thousands of coal mine workers out of work all over the Nation. Yet we are told that this is less important than the policy of maintaining good relations with Venezuela.

Metal mines all over America are closed. I believe there is not a single mercury producer in operation in this country today. Lead and zinc, copper and manganese are in dire straits. Subsidy programs are proposed to keep a bare minimum of these mines in operation against the day when their production may mean the difference between victory and defeat if the cold war becomes hot. The simpler, the cheaper, the natural solution, as the Tariff Commission recommended in fact—in the case of lead and zinc—would be the imposition of a reasonable duty upon imports.

I have copies of the testimony presented to the Ways and Means Committee by the pottery industry. This is an industry that comes close to home for me. Yet, I read that 86 percent of the China tableware purchased in the United States is imported and that the domestic pottery industry has changed from a profitable enterprise in 1948 to a losing business in 1954, with many factories closed and men out of work. It is interesting to note that nine separate reductions have been made in the duties upon china tableware since Congress abdicated its authority over tariffs and authorized the negotiation of executive trade agreements.

An interesting letter was received from the manufacturers of shears and scissors. Apparently this industry is just waking to the full import of trade agreements. We were furnished with copies of letters dated last October and November from the sales manager of a scissors firm who has just learned that Macy's in New York is able to sell foreign scissors at prices one-half or less than the minimum price he can offer. This industry is on the rocks. It is very nearly lost.

Needle files. Perhaps there are some who will think that needle files are not important. But here is another American industry that employs American men and women and that contributes to State, county, and Federal tax revenues. Last fall the United States Navy placed invitations to bid on 19,440 sets of 5½-inch No. 2 needle files. The lowest American bid was \$4.45 per set. The contract was awarded to a British firm bidding \$1.85. This sale directly affects workingmen in my district. They cannot make the files at a profit even at the \$4.45 figure. Are they to be sacrificed and their tax dollars spent to import competitive British products?

Under present Executive orders, that is the only outlook they have.

I am in receipt of a very clear and concise statement of the plight of another American industry, from Mr. Robert G. Patterson, vice president in charge of sales for the Lamson & Sessions Co., of Cleveland, Ohio, manufacturers of bolts and nuts, which I include as part of my remarks:

Hon. FRANK T. BOW,
Washington, D. C.

DEAR SIR: Operating three plants in Ohio as we do, the writer is concerned with the administration expressed free trade policy and the fact that Congress has, in effect, relinquished its control of this vital problem. This preliminary statement is made in connection with the bolt, nut, headed, and threaded products we produce.

Export of our products, except in emergencies, has never been of great importance, approximately 4 percent, and up until 1954 imports were small. Lacking authentic figures, it is impossible to define the impact of imports to our industry. However, the following figures would prove of interest and point up the possible dangers of unrestricted importations.

Foreign bolt and nut products are now made on equipment equal to that of United States of America producers at wage rates approximating the amount per day we pay for 2 hours. Our finished product required in 1954 51.4 hours per ton produced, thus each ton of imported product reduced the work for industry employees by 1.28 weeks.

For the week ending January 5, 1955 the Import Bulletin of the New York Journal of Commerce reported imports of our industry products from Austria, Belgium, England, Germany, Holland, Japan, Switzerland, and Sweden. The exact weight is not obtainable, but using our average container weight on the reported containers, we find an imposing figure. The developed figures in the week ending January 5 show products amounting to 444.16 weeks of American production or a full year of employment for 8.88 men or women. A continuing import rate of like proportion would mean 444 less employees in our industry.

The State Department would, no doubt, consider these figures insignificant, but our industry is relatively small. Using only 2 percent of the United States of America steel production, there probably are not over 25,000 people employed in the industry. If these workers in our industry would be reduced by 17.7 percent—for safety let's call it 10 percent—such a figure applied to employed personnel in this country would be a severe jolt to the much discussed unemployment figures.

The writer does not have a patent answer to the problem discussed herein. Tariffs cannot be adjusted to meet the growing problem, but certainly some equitable limitation of allowed imports on a percentage basis could be applied. No doubt some other industries are threatened in a similar manner and it would, therefore, appear that Congress should take a realistic viewpoint toward the overall subject leading to recovery of lost powers and establishing suitable controls.

I would like to register violent opposition to H. R. 1 now under consideration by the House Ways and Means Committee.

Respectfully submitted,

ROBERT G. PATTERSON,
Vice President, Sales.

Here is a case history by a sound and conservative executive, showing exactly what free trade means in terms of prospective unemployment.

The sponsors of the reciprocal trade agreement program do not deny these

facts. Some of them, of course, complain that the American victims of free trade are inefficient producers who should either improve or turn to other fields of endeavor. Others have gone so far as to develop proposed programs for the relief of distressed American producers. Such programs include Federal aid to relocate workers, Federal training courses to give them new skills, Federal loans to industry to convert to other products. In other words, the Government of the United States shall set about to destroy certain industries and then spend Federal funds to alleviate the distress. Can anything be more ridiculous?

Apparently certain industries have already been judged and found eligible for destruction. Pottery is one. Hand tools are another.

Whoever it is in the State Department who has this heady responsibility has determined that it is more important to be friendly with the Japanese potters than to maintain American industry—more desirable to have amicable relationships with German tool makers than to keep a thriving American business alive.

Oh, what power the Congress has given this arbiter of the fate of American business. Picture his deliberations; consider his vast authority; gaze with awe upon the functionary who can say that the American textile industry is inefficient—it must be sacrificed—off with its head.

Some may say that we do not have protection in the escape clause and peril-point provisions of the law. What flimsy excuses for the protection this Government owes itself and its citizens.

Consider that of 59 escape-clause proceedings, only 15 have resulted in decisions favorable to American industry, and in 10 of these the President has seen fit to override the advice of the experts in favor of the foreign producers. What protection is this that relies upon the verdict of one man? It is no protection at all.

I know that some of our people have been sold the free-trade bill of goods on the basis that it means lower prices for consumers. Completely ignoring the loss of jobs, of taxes, and of other advantages that result from local industry, people are led to believe that if they can buy Japan's pottery cheaper than our own, for example, that is to their advantage.

These arguments are heard time and again in relation to every commodity about which a question is raised. One sometimes wonders who will be left to buy the imports, when free trade is an accomplished fact and we find that cheap labor and lower taxes all over the world have put all American industry out of business.

Even before that may come to pass, American consumers may learn a hard lesson about prices and the friendliness of foreign nations. We almost learned it a few years ago when, with a withering wool industry, the victim of cheap imports, we found the British Commonwealth holding a virtual monopoly of the world's wool supply. Acting in unison through the empire pool, the British were then in a position to destroy our wool industry, and thereafter to set the

world price at whatever figure they chose.

Do you suppose we would realize low prices on wool if we had none of our own? Do you suppose the foreign traders would be gracious and lenient and sell it to us for whatever price we might offer? Or do you think, as I do, that the end result of dependence upon any foreign source without competitive home industry will mean soaring prices and far greater cost to all of us. If for no other reason than to maintain a degree of independence and self-sufficiency, we need protective tariffs for our producers.

Others have been sold the free-trade bill of goods on the false impression that the United States is a high-tariff country and that we are the obstacle to greater exchange between nations. This is a completely falacious ideal.

We are now a low-tariff nation. Thirty-five of the forty-three principal trading nations have higher tariffs than we. Not only do other nations of the world have higher tariffs, they have a great variety of impediments to trade ranging from internal currency manipulations to outright embargoes against American products. I include herewith a list of the products which are almost completely banned by the 17 most important trading countries. It should be a revelation to some who feel that Uncle Sam is the evil genie of trade obstructions.

IMPORTANT UNITED STATES PRODUCTS, IMPORTS OF WHICH ARE EXCLUDED OR SEVERELY RESTRICTED BY THE OPERATION OF IMPORT RESTRICTIONS IN CERTAIN FOREIGN COUNTRIES

Recent experience has been that while their importation from the United States is not specifically prohibited on a priority basis, the operation of day to day import and exchange quotas and/or other licensing policies has resulted in no more than small or infrequent licensing of the following:

COUNTRY AND COMMODITY

Brazil: Assembled automobiles, textile fabrics, shoes, hosiery, steel files, and rasps.

Colombia: Grains; certain dairy products; fruits and vegetables; certain meat products; certain vegetable fats and oils; sugar; certain tobacco products; hides and skins, certain leather products; assembled automobiles over 1,240 kilograms in weight, except those of 4-wheel drive and except those for public transportation; rubber tires for vehicles, casing, except specified sizes; coal, except anthracite; certain textiles and textile manufactures; certain paper products; certain soaps.

Cuba: None.

Mexico: Cellophane, powdered eggs, powdered milk, sulfonated oils.

Venezuela: Leather footwear.

Canada: None.

Belgium-Luxembourg: Assembled automobiles, nylon stockings, coal, automotive replacement parts, dressed leather, certain machine tools, certain pharmaceuticals, manufactured tobacco products, coated abrasives.

France: Certain fresh fruits; prunes (dried) and raisins; typewriters; radio receiving sets, household; vacuum cleaners; amateur box-type and folding cameras; motion-picture projectors; motion-picture films (not exposed); dental metals, precious; mechanical pencils; fountain pens; office machine ribbons.

Germany, Federal Republic: Coarse grains; flour and milling products; fruits, other than citrus and tropical fruits; fish and fish

preparations; oil cake; leather; furs; wax and paraffine; assembled automobiles; certain rubber articles; certain iron and steel products.

Italy: Tires (inner tubes and casings).

Netherlands: Electrical and mechanical refrigerators, washing and wringing machines, cash registers, assembled automobiles, used bags (jute), compressors, automobile tires and tubes, walnuts, dried apples, salmon, soaps and soap powder.

Switzerland: Trucks, nylon hosiery, parts for watches.

United Kingdom: Assembled automobiles, typewriters, canned fruit, canned fish, fresh citrus fruits, small tractors, dictating machines.

India: Assembled automobiles; motors and generators of certain types; certain textile machinery; industrial sewing machines; certain precision and measuring tools; dairy, poultry, and farming appliances, optical and other lenses; sheet and plate glass; electric bulbs and fluorescent tubes; powdered milk in bulk; canned fruits, vegetables and fish; cigars, cigarettes, and unmanufactured tobacco; belt dressing, belt preservatives, and leather belting; coal-tar dyes, soaps.

Japan: Luxury-type consumer goods, luxury-type food products.

Philippines: Edible oils and fats; beer, soap, fresh vegetables, rubber-soled canvas shoes, cotton weaving yarns, certain cotton manufactures, certain paper products, incandescent and fluorescent bulbs, nails.

Union of South Africa: Canned foodstuffs, fruit juices, beverages, tobacco products, certain textile manufactures, certain electrical manufactures, assembled automobiles, certain glass products, rubber tires, certain paper products, furniture, certain leather manufactures.

(NOTE.—The foregoing list covers the 17 most important trading partners of the United States which cumulatively account for about 75 percent of our exports and imports alike.)

Mr. Chairman, other arguments are used. For example, it is said we must assist Japan by finding markets for her products. But, does this mean that we must find those markets in America, at the expense of our own industry? Are there not many regions of the world where the products of Japanese industry could be used, and more satisfactorily, than here?

If we have a duty to Japan, let us find means of developing her trade in the Far East, in South America, in Africa—but let us give a measure of protection to our own industry—and indeed to our own consumers who will never really be satisfied with the inferior imitative products of the Japanese.

I am privileged to represent the 16th Congressional District of Ohio, the same district represented by our late president, William McKinley. Looking back, I find that many of his ideas on the subject of tariff protection are just as valid today as they were in his time. The issue has changed but little.

If anything, the increasing trend toward a higher standard of living in America as contrasted to the standards abroad has accentuated the need for protection since McKinley made the following speech on the floor of this Chamber on May 18, 1888:

What is a protective tariff? It is a tariff upon foreign imports so adjusted as to secure the necessary revenue, and judiciously imposed upon those foreign products the like

of which are produced at home, or the like of which we are capable of producing at home. It imposes the duty upon the competing foreign product; it makes it bear the burden or duty, and—as far as possible—luxuries only excepted, permits the non-competing foreign product to come in free of duty. Articles of common use, comfort, and necessity—which we cannot produce here—it sends to the people untaxed and free from customhouse exactions.

Tea, coffee, spices and drugs are such articles, and under our system are upon the free list. Is says to our foreign competitor: If you want to bring your merchandise here, your farm products here, your coal and iron ore, your wool, your salt, your pottery, your glass, your cottons and woollens—and sell alongside of our producers in our markets, we will make your product bear a duty; in effect, pay for the privilege of doing it. Our kind of tariff makes the competing foreign article carry the burden, draw the load, supply the revenue; and in performing this essential office it encourages at the same time our own industries and protects our own people in their chosen employments. That is the mission and purpose of a protective tariff. That is what we mean to maintain, and any measure which will destroy it we shall firmly resist; and if beaten on this floor, we will appeal from your decision to the people, before whom parties and policies must at least be tried.

We have free trade among ourselves throughout 38 States and the Territories, and among 60 millions of people. Absolute freedom of exchange within our own borders and among our own citizens is the law of the Republic. Reasonable taxation and restraint upon those without is the dictate of enlightened patriotism and the doctrine of the Republican Party.

Free trade in the United States is founded upon a community of equalities and reciprocities. It is like the unrestrained freedom and reciprocal relations and obligations of a family. Here we are one country, one language, one allegiance, one standard of citizenship, one flag, one Constitution, one Nation, one destiny.

It is otherwise with foreign nations, each a separate organism, a distinct and independent political society, organized for its own, to protect its own, and work out its own destiny.

We deny to those foreign nations free trade with us upon equal terms with our own producers. The foreign producer has no right or claim to equality with our own. He is not amenable to our laws. There are resulting upon him none of the obligations of citizenship. He pays no taxes. He performs no civil duties—he is subject to no demands for military service. He is exempt from State, county and municipal obligations. He contributes nothing to the support, the progress and glory of the Nation.

Why should he enjoy unrestrained equal privileges and profits in our markets with our producers, our labor and our taxpayers? Let the gentleman who follows me answer.

We put a burden upon his productions—we discriminate against his merchandise because he is alien to us and our interests, and we do it to protect our own, defend our own, preserve our own, who are always with us in adversity and prosperity, in sympathy and purpose, and, if necessary, in sacrifice.

That is the principle which governs us. I submit it is a patriotic and righteous one. In our country each citizen competes with the other in free and unresentful rivalry—while with the rest of the world all are united and together in resisting outside competition as we would foreign interference.

Free foreign trade admits the foreigner to equal privileges with our own citizens. It invites the product of foreign cheap labor to this market in competition with the domestic product, representing higher and better paid labor. It results in giving our money, our manufacturers and our markets to other

nations, to the injury of our labor, our trades people and our farmers.

Protection keeps money, markets and manufacturers at home for the benefit of our own people. It is scarcely worth while to more than state the proposition that taxation upon a foreign competing product is more easily paid and less burdensome than taxation upon the noncompeting product.

In the latter it is always added to the foreign cost and, therefore, paid by the consumer; while in the former, where the duty is upon the competing product, it is largely paid in the form of diminished profits to the foreign producer. It would be burdensome beyond endurance to collect our taxes from the products, professions, and labor of our own people.

When McKinley made that speech, the Congress still retained its constitutional authority over tariffs. Constituents whose industries were threatened could come to Congress and could get assistance and relief. This is no longer the case.

We have given away our authority. We have deprived our constituents of the avenue through which they could get assistance. We have given our authority to the President and hedged him around with diplomatic advisers upon whom our American producers can exert little, if any, influence.

What should be a matter of business and commerce has been turned into a matter of international politics and diplomacy. Who can be surprised that business suffers.

I believe that Congress should defeat H. R. 1. We should regain our ancient and rightful authority in these matters. I can see plainly that if this program continues the day will soon come when so many American industries are facing destruction—when the devastation is so widespread—that the majority here will have no choice but to embrace again the theory of protective tariffs.

I feel that the situation today is so serious that the division in this House may be very close, indeed, between those who can still theorize about the advantages of friendly intercourse and those who are face to face with the facts of ruinous foreign competition. Why wait? Why increase and prolong the damage to our economy?

We are under no obligation to perpetuate the errors of 1934. Indeed, we have a mandate to correct them. This is our opportunity. The defeat of H. R. 1 would be a great accomplishment for the future welfare of America.

The European industrial production chart follows:

European industrial production, 1938-53¹

[Index: 1950=100]

	1938	1948	1949	1950	1951	1952	1953
Product:							
Crude steel.....	88	79	92	100	111	121	119
Coal.....	108	90	98	100	105	107	106
Chemicals.....	71	72	84	100	117	113	130
Electric power.....	57	82	88	100	112	119	125
Textiles.....	90	80	89	100	194	93	102
Automobiles.....	63	41	74	100	108	112	127
Country:							
United Kingdom..	76	87	93	100	104	101	106
France.....	83	90	98	100	111	114	112
Italy.....	79	79	87	100	113	116	127
Germany.....	107	55	79	100	120	128	139
Netherlands.....	72	81	91	100	104	106	117
Belgium.....	81	97	98	100	115	112	112

¹ Complete 1954 figures not yet available. 1st 9 months indicate 1954 totals exceed 1953.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the gentleman, from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, I was a member of the Randall Commission and joined in the recommendations which are the basis for H. R. 1.

My particular interest was the foreign-aid phase of our foreign economic policy. There are still a number of countries that cannot maintain the military forces they are willing to raise and we think they should have, without military and economic aid. Korea and Formosa are examples. I want to reduce our aid as soon as possible without weakening those countries. One way is by increasing their trade with us and other countries in ways that will not hurt any of us.

The Randall Commission met for 28 days and made 55 specific recommendations. A number of them are being put into effect without congressional action.

Our tariff recommendations are the most moderate ever made by such a Commission. Certain groups in this country, and many foreign countries, wanted us to recommend elimination of the peril point and escape clause, saying these subjected would-be importers to uncertainties about their future trade. We recommended retention of both, to reduce uncertainties for American businesses about their future trade.

We recognized that, as long as we have protective laws for wages, agriculture and commerce, we must retain proportionate tariff protection. We therefore put limits on tariff reductions such as have never before been included in a trade agreements extension. These suggested limits were accepted by the President and are contained in H. R. 1. In general, 85 percent of the present rate must be retained; only 3 annual reductions, of 5 percent each, are permitted.

The President has promised, as we recommended, that any reductions will be moderate, gradual, selective, and reciprocal. Now some of you may not believe President Eisenhower when he says that. I believe him. I do not believe that he wants to wreck our industries. I think he wants the power to negotiate for better trade practices among the free nations of the world, for the mutual benefit of all. We are not a high-tariff country, net. We do not use barriers to trade, such as quotas, embargoes, blocked currencies and other devices, in the way many other countries do. However, our foreign trade is so gigantic, compared with other countries, that small adjustments in our trade can be very influential on the rest. Above all, our position of world power and leadership gives us tremendous leverage, if the general direction of our policy for a period of years is made clear. That is what H. R. 1 does.

We have some industries that are being hurt by foreign competition now. They are losing some exports, and imports are cutting into their domestic business. I do not think we will help them by defeating this bill. I doubt if there is any special trade law we can pass that will help them without doing more harm than good. Higher tariffs, quotas, or embargoes might bring prompt retaliation on their products, on other United States products, by other countries.

I think we need to leave such cases to the Tariff Commission and the President, as provided by H. R. 1. The peril point and escape clause will help, but a country that believes in competition cannot eliminate all competition, foreign or domestic, by passing a law.

It has been said that we have a constitutional question here. Congress has the power to levy taxes and tariff imports, and has exercised that power. I have long ago decided that the Trade Agreements Act, authorizing adjustments in tariff rates by the President and Tariff Commission, is constitutional. There are many fields of Government activity which have become too complex and complicated for Congress to regulate directly in detail, so Congress sets up statutory standards, and delegates administration of details to executive agencies. I have heard Senators and Congressmen who participated in the last tariff act say, regardless of how they feel on reciprocal trade, that never again should Congress attempt a general tariff revision such as Congress made in 1930, because the subject has become too complicated.

In the Randall report, Senator Bush and I filed a statement—page 63—as follows:

We believe that in negotiating trade agreements, our negotiators should consider not only substandard and depressed wage levels, as described in the Commission's report, but also wage differentials, in order to protect American labor.

We have got to think about our workers. But in this complex problem, we have got to think, not only about imports, but about our exports. Four and one-third million workers are involved in our foreign trade, mostly on exports.

Ohio industries export about a billion dollars of products per year. About 300,000 Ohio workers make their living, directly or indirectly, from foreign trade. About 70 percent are in industries whose export sales exceed similar imports by 4 to 1 up to 20 to 1. About 6 percent are in industries, like glassware, in which imports exceed exports. In Franklin County, Ohio, my own district, workers in businesses and industries that profit from exports and imports far exceed those in businesses and industries hurt by imports. Of course, we are all part of the same community, the same economy, and whatever affects one segment affects another. We have to think about our consumers. There are 164 million of them in the United States. Every tariff rate which is effective, which holds prices up, is a price support we pay to American producers.

On balance, I feel H. R. 1 will furnish as much protection as Congress can give to all the people of our country.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. VORYS] has expired.

Mr. REED of New York. Mr. Chairman, I yield 20 minutes to the gentleman from Missouri [Mr. CURTIS].

(Mr. CURTIS of Missouri asked and was granted permission to revise and extend his remarks.)

Mr. CURTIS of Missouri. Mr. Chairman, I take the floor primarily to discuss a basic amendment I proposed in committee to H. R. 1, the extension of

the Reciprocal Trades Act. Unfortunately with the closed rule under which the House in its wisdom, or lack thereof, saw fit to consider this far-reaching and important legislation, I will not be able to offer this amendment for consideration of the Committee of the Whole House. However, I am hopeful that by the time this bill reaches the other body my amendment will be well understood by the Congress and the people of the country, and that the other body will adopt this amendment. I am hopeful by this time the executive branch of the Government will begin to understand this amendment and adopt its principle and help instead of hinder its passage. If this happens, then it is important that the Members of the House know what the amendment is, so that if it is part of the conference report, they will be aware of what they will be called to vote upon.

Before I proceed to the amendment itself I want to discuss briefly some of the procedures that have been used in considering H. R. 1 in the House Ways and Means Committee and here on the floor of the House. I dislike the task of criticizing my own committee for the procedures it has followed, but if such procedure is improper and not conducive to good legislation, as I believe is the case, it will be only corrected in the future if it is pointed up in the present.

The House Ways and Means Committee finished lengthy and rather exhaustive hearings on H. R. 1 at 7:30 p. m., Monday, February 7, 1955. On Tuesday, the chairman of the committee called an executive session of the committee and, without explaining his program, program, proceeded to start reading the bill for explanation. On Tuesday, February 8, 1955, the House had on the floor for passage one of the most important bills of this session, the extension of the Selective Service Act. I was deeply interested in this piece of legislation and felt as a Member of Congress I should be on the floor to follow it. In spite of the suggestion that the committee suspend its executive session during the House session the chairman announced that not only was it his intention to not suspend but that he fully expected to have the bill passed out of committee by Wednesday evening. As most Members will recall, the House and Senate were to be in a period of agreed recess from Wednesday, February 9, to February 16, so that the Republican Members could fulfill their commitments to speak around the country at Lincoln Day observances in accordance with custom and tradition. The bill was rushed through and passed out on Thursday.

There was no reason for rushing the passage of H. R. 1 without full consideration by the committee. The Reciprocal Trade Act has several months left before expiration and even an interim period between extensions has no actual effect. There could not possibly be proper consideration without the Members having the opportunity of reviewing the hearings and in particular reviewing the statements that were to be supplied for the hearing by various members of the administration as requested by members of the committee at the time these administration spokesmen testified. I had

requested considerable additional data from the various Cabinet officers and other high administrative officials about important details of the administration of the Reciprocal Trade Act and how it had operated over a period of time. The hearings will show the type of information I requested and the value of the information that was so supplied. Yet this information was of no possible value to the committee in its executive session because of this undue haste.

Furthermore, without proper notification to the members of the committee of what the procedure was to be in marking up the bill, many members, myself included, were not ready with amendments they had in mind. I had intended discussing the amendment I did offer and the one which I will discuss here today with the proper officials in the executive department, but due to the shortage of time I had no opportunity to do so.

I want to call the Members' attention to the data contained in the committee's report from pages 36 to 86 under the heading "Appendixes." This data is important data which should have been available to the committee before we began questioning the administration witnesses so that we could ask questions concerning it. The first I, and I believe any member of the committee, saw of this data was when we read the committee report along with the other Members of the Congress. However, this data placed in the report carries the implication that it was matter considered by the committee and about which the committee asked questions of the administration witnesses. As a matter of fact, it was just this type of information I asked to be provided by the administration witnesses because their statements before the committee were couched in the most general terms with little or no specific information. Having to ask the witnesses to supply the information later, of course, prevented the members from interrogating the witnesses about the accuracy or meaning of the information. Certainly the data in the appendix was never subjected to scrutiny nor questioning by the committee.

There have been considered statements made to the effect that the Randall Commission study and report was not so much a study as it was a procedure to bring together such evidence as might be available to support the preconceived notions of the majority of the Commission. Having read the Randall Commission report carefully and what testimony was available, I regretfully come to the conclusion that these charges are well founded. I say regretfully because I have the highest regard for the individual members of this Commission and I am convinced of their sincerity and their profound belief that they are acting in the best interests of our country. However, I am convinced that the best interests of our country are only served by fairly and honestly studying the issues of the day and by not reaching conclusions before studies are made. Certainly the best interests are not served by a commission directed

to make a study and report when it fails to do so.

I mention the Randall Commission study and report because the identical pattern has been followed by the Ways and Means Committee in its hearings and executive sessions on H. R. 1. It is important that the Members of this Congress, to whom we as a committee are responsible, know that we as a committee did not make a real study of these problems. The approach was one of preconceived notions and the hearings, as nearly as I can judge, were mere window dressing so that the majority of the committee could state that everyone who wanted to be heard was heard. But, my colleagues, it is no hearing if the ears are deaf, it is no executive session writing up the bill if you have to spend your efforts trying to persuade 13 proxies instead of 13 colleagues present and paying attention to the language of the bill.

There is a deadening and dangerous attitude in the Government here in Washington which has us go through the motions of the constitutional legislative process when what truly has occurred is that a very small group of persons in the Executive Department have already made the decisions and written the legislation. We are then just going through the formalities or the ritual, if you please, of a Republican society.

What, indeed, was the purpose of the closed rule? Was it indeed as the gentleman from Texas [Mr. RAYBURN] said, when he stepped down from the Speaker's chair to exercise his prerogative as a Member to discuss the issue, because it was traditional and necessary to have a closed rule on a piece of legislation like H. R. 1? I respectfully disagree with the gentleman from Texas. It is true that tax legislation and tariff legislation have come out under closed rules and, much as I dislike closed rules, there is reason and understanding behind this tradition. The gentleman from Texas gave the reasoning—it is to prevent logrolling. Bitter experiences in the long ago past when taxes or tariffs came out under open rules were called to our attention. But, my colleagues, the Reciprocal Trade Act is not tariff legislation in the true sense of the word. It is procedural legislation setting up the manner in which tariffs are to be written. It is legislation delegating power to the executive branch of the Government and to the Tariff Commission—an arm, I might state, primarily of the Congress. Now in writing procedural legislation there is no reason for a closed rule. Certainly the reasons applicable to tax and tariff legislation have no bearing on procedural legislation. There is every reason why procedural legislation indeed should always come out under a very open rule. Now it is no argument to say that specific tariff or quota amendments could be offered to H. R. 1, because it would have been quite easy for the Rules Committee to have given a rule with that specific restrictive feature in it. No, my colleagues, the reason for the closed rule, in my opinion, is the same as the reason for the closed minds of the majority of the Randall Commission and the closed minds of the acting majority of the Ways and Means

Committee. The reason is that these people whose directions are being followed, whoever they are, think that they know what is best for our beloved country, and, I say, perhaps they do. But I say if what they think is best for our country is so surely right why are they unwilling to submit their reasons and their facts to honest study and public scrutiny and true debate?

I personally think that this group, whoever they are, are tragically wrong and in their willfulness truly dangerous to the welfare of our country. Sooner or later the people of this country must rise up and ask that honest forthright studies be made and true debate be had on this matter or else I fear we will end up in disaster.

I think I can bring out these thoughts in discussing the amendment I had proposed to the bill and which the administration spokesmen stated was right in objective, as had the Randall Commission, but so delicate to handle that nothing could be done about it. I hope you will consider it and make up your own mind upon its practicality.

You will notice that the plea for my amendment is largely based upon the same premises professed by those who want H. R. 1, as is, unchanged, that is, to increase world trade, to build the economies of the nations outside the iron curtain to make friends of the peoples of these nations and to check Communist infiltration into those countries. I charge that the policies we have followed in the immediate past have not increased world trade as it could be increased, have not built the economies of these nations as they should have been built and, indeed, have not generated the real friendship of the peoples of these countries, nor have they stemmed Communist infiltration into these countries.

I had the Legislative Reference Service of the Library of Congress collect some data for me about the countries abroad from which I derive the following conclusions. There are 71 countries outside the iron curtain which we erroneously refer to as the "free" world. Of these 71 nations 49 of them are outwardly or actually dictatorships or close oligarchies and the majority of them cannot even pass under the term benevolent dictatorships. Of the remaining 22 nations, most of them truly have some claim to the adjective "free" as far as their political governments are concerned, but, certainly as far as the economic control of several of them is concerned, it is oligarchic and a small percentage of the nation is living off the backs of the other 99 percent. Fifteen of the dictatorships of the 49 have a per capita gross national product of less than \$100. Eleven less than \$200; 10 less than \$300 and only 2 more than \$500. Compare this with the United States per capita gross national product of \$2,233 and you begin to get the picture. Of the 22 nations which have some real claim to freedom, eliminating those which are tied up in an economic oligarchy, there is not 1 with a per capita gross national product below \$500. And many of them are above \$1,000. The highest is Canada with \$1,625.

Now I wish we had the studies available of the internal economies of these allegedly free countries just to see what the spread of wealth actually is as far as the bulk of the people of each country is concerned. This is the data we must know if we are truly going to do something to raise the economy of these countries. This is the kind of data the Ways and Means Committee should have been getting and studying.

Surely we should know by now that merely increasing trade with country X which goes into the pockets of dictator Y and his henchmen does not make friends of the people of country X for us. Quite the contrary, the people could say, and with some truth, that we help keep dictator Y on their backs and the Communists you may rest assured play this theme for all it is worth. And a look at the world today should surely tell us that this line has met with some success. "Yank go home" has a basic meaning which we are foolish to ignore and not try to understand.

My amendment proposes reciprocal trade in the purest meaning of that phrase. For, in this plan, reciprocity means that all participants in trade agreements—the nations, the industries and the workers—share the benefits.

It is a simple plan. The exact language of the amendment is as follows:

On page 1 at line 5 after section 2 insert "A"; at line 9 after the period insert the following:

"(B) No reduction in any rate of duty or binding of any customs or excise treatment or other concessions hereafter proclaimed under section 350 of the Tariff Act of 1930, as amended, or under section 5 of this act shall apply to any import within the product class on which the concession has been granted, in the production of which any employee was employed at wages at an hourly rate less than the minimum rate in effect in the United States under section 6 of the Fair Labor Standards Act of 1938, as amended (29 sec. 206), at the time of the production of said import provided, that the President may provide by Executive order with respect to a trade agreement that during the first 36 months after such agreement becomes effective it may apply to imports in the production of which employees were employed at less than such minimum rate by the rates prescribed therein which shall be not less than 60 percent of such minimum rate for an initial period of 12 months, not less than 70 percent of such minimum rate for an immediately ensuing period of not more than 12 months, and not less than 80 percent of such minimum rate for the remainder of such 36 months or such part thereof as the President may prescribe.

"(C) The President is hereby authorized to delegate to such Federal official or officials, or agency or agencies, as he deems appropriate all functions incidental to carrying out subsection (B) of this act, and to promulgate such rules and regulations as he deems necessary for its administration. The determination of the United States equivalent of wages paid in foreign currencies shall be calculated on the basis of the paying rate on New York as proclaimed by the Federal Reserve Bank of New York.

"(D) With respect to foreign trade agreements entered into prior to the effective date of this act under section 350 of the Tariff Act of 1930, as amended, any reduction in a rate of duty, or binding of any customs or excise treatment or other concession shall be made only in conformity with the policy established in subsection (B) of this act, un-

less authorized by the provisions of section 350 of the Tariff Act of 1930 as such provisions existed on January 1, 1955."

But let us translate that a little differently.

In effect, the amendment states that foreign producers who want to reap the lush benefits of the United States markets must qualify by passing on a part of those benefits to their workers by paying wages pegged to the legal minimum wage scale of American workers—the workers with whom they are competing.

It is that simple. It requires no charts or graphs for complete understanding. No high-domed economists are required to explain its operation. It is a $2+2=4$ equation.

A CHAIN REACTION OF BENEFITS

The idea embodied in the amendment is simple, but it has the ability of setting off chain reactions that could affect the economic and political welfare of the world. One needs to dwell only briefly upon the far-reaching implications of the amendment to understand the contributions it could make toward perpetuating the American way of life at home, and to disseminating its advantages abroad.

Let us take a look at what happens when you raise the wages of foreign workers so they are more in line with the legal American minimum scale. The chain reaction is something like this:

First. American business and labor get protection from the unfair competition which stems from foreign manufacturers' Dark Ages policy of paying sweat-shop wages.

Second. Foreign workers, with their wages increased, have greater buying power, can enjoy a standard of living more like our own.

Third. Foreign manufacturers feel the effects of the increased buying power, find an overexpanding market among the workers who now must spend most of their wages for bare necessities of life.

Fourth. United States manufacturers also benefit from the increased income of foreign workers, finding broader markets for exported goods.

Fifth. Communism, which feeds on the unrest caused by the unfulfilled desires of the have-nots, finds its economic doctrine has little appeal in nations where workers are well paid and share more of the fruits of their own labor.

WILL THE PLAN CHANGE THE FOREIGN PICTURE?

You may ask: "Why do you think the plan would work in foreign countries just because the capitalistic system has proved so successful in raising the living standard in the United States?"

Why not? America's high living standard today is based entirely upon the basic principle provided in the amendment: The principle that only by providing the vast majority means of buying products it produces can a society experience a high level of prosperity.

It might be said that Americans learned this the hard way. Today our workers ride to their jobs in automobiles, while those of foreign lands either walk or ride bicycles. Per capita, our ownership of telephones, radios, televisions is the greatest in the world; Americans en-

joy better housing, more food, a greater variety of clothing and other goods than our foreign friends.

But this has not always been so. The system that now spells prosperity has not always existed, nor did it flower overnight. A century ago the disparity between great wealth and miserable poverty was as great here as anywhere. Men were exploited and the fruit of their labor was scant. But gradually, in response to the efforts of far-sighted labor leaders and with the aid of constructive legislation, there emerged a new day when workers began to share more equitably in the goods they produced. There evolved a new way of life. It should be safeguarded; it should be shared.

WHAT KIND OF PROTECTION?

Americans have no monopoly on productive brains and inventive genius. Those who believe that efficient and highly mechanized production techniques are unknown anywhere else should stop deceiving themselves. The truth is that dozens of blue-chip American manufacturers are adopting foreign-developed processes and methods because of their efficiency.

Since foreigners employ the same production techniques and machinery that our manufacturers do, they suffer no disadvantage on a competitive basis—nor do they have any great advantage in production costs, except in the wages paid the people who produce the goods.

"But," you may ask, "can foreign manufacturers afford to meet the United States legal minimum wage?"

The amendment would work no hardship. It does not even insist that foreign manufacturers pay the current United States legal minimum of 75 cents an hour—the amount now held fair in this country for the unskilled services of a messenger boy—much less the much higher wages voluntarily paid by most American industries. The amendment provides that the first year the plan goes into effect, foreign manufacturers could qualify for trade concessions by paying only 60 percent of the American minimum, and that the scale would rise to 70 percent of the legal minimum wage the second year and to 80 percent the third year.

Does not that seem fair? Is there any reason why a foreign manufacturer, selling in the American market, should not pay at least 60 percent of the American legal minimum wage when he is making products on the same machinery and using the same methods employed by our industries?

America's belief in a high standard of wages is written into law. The Fair Labor Standards Act prescribes that all concerns doing business in interstate commerce must pay a minimum wage of 75 cents an hour. The law does not state that only companies located in a high-rent area must pay such a wage. A company located in Mississippi must meet that minimum wage just the same as a company located in New York. The law does not say that only companies who can afford to pay workers 75 cents an hour need pay it. If a concern cannot

afford to pay the minimum, it must close its doors, or restrict its business within boundaries of the State.

HOW FOREIGN WORKERS WOULD BENEFIT

Trade agreements based on conventional provisions—those of raising or lowering the rate of tariff—invariably work a hardship on at least one of the participants. Under a protective tariff imposed by the United States, foreign exporters are frustrated in their efforts to expand into our markets; under a low tariff scheme, United States industry suffers.

Under neither plan, however, do any of the benefits go to labor.

Under the plan proposed in this amendment, labor would reap all the benefits. Wages would be increased in industries which make products to sell in the United States. As the income of workers rose and buying power increased, the benefits would be passed on to management.

It took a great American industrialist, Henry Ford, to drive home the logic of that truism—that higher wages created more buyers for his own products. One day he announced he would pay his workers the unheard of minimum wage of \$5 a day. The whole idea was denounced as impractical and ruinous. It was prophesied freely that Ford would go broke. In answer to all the criticism, Mr. Ford simply said:

If I pay my men at least \$5 a day, they can buy my Fords.

Perhaps he would have gone broke if it had not been for the labor shortage brought about by World War I. Certainly it is risky business for one manufacturer to be far out of line in his costs with others. But the plan worked, and it gave other manufacturers a new idea. And sales managers suddenly discovered millions of prospects who had more money than that required for subsistence.

Today our supersalesmen of television and radio do not air their pitch at the few who live in high-price neighborhoods, but to the millions who earn their living in factories and offices and live on medium-bracket streets.

One of the greatest fallacies of our day is held by those who advocate giving foreign businessmen even freer access to our markets by yet more reductions in our tariffs. For some unsupported reason they seem to believe the profits will somehow filter down as higher wages and better living standards to foreign workers. Business history has not borne this out. The truth is that the employers, themselves, reap the benefits. Profits of 30 percent and even more are not uncommon. But the workers—the producers—are compelled to subsist on sweat-shop wages, they prey to any arguments made by Communist agitators who hold out hope of improved living conditions.

To conclude, it appears that the solution to many of our problems is simple:

Let any further concessions in United States tariffs be made contingent upon a foreign producers willingness to pay the prescribed percentage of the legal minimum wage which American manufac-

turers must pay under the Fair Labor Standards Act.

The Randall Commission Report said it was too difficult and too delicate a matter to handle. The administration's approach as expressed by its spokesmen before our committee was the same. The Assistant Secretary of State in charge of trade treaty negotiations, statements in executive session before our committee clearly revealed that the State Department does not put the question of labor differential on the agenda for discussion in negotiating our trade agreements.

The Assistant Secretary of State said in answer to my questioning of whether they consider the wage differential in their negotiations: "Oh, yes; we consider it."

I said: "Well, do you discuss it with them?"

He said: "No; we do not discuss it but we consider it."

I said: "How can you consider something if you do not discuss it?"

He had some reply which, frankly, made no sense to me then nor, on reflection, now.

My answer to the State Department is, The only difficulty is that apparently they have done no thinking on the subject and no attempt has been made to find a solution. I think the amendment I propose is practical, sensible, and will produce results. Let them spell out why it is not. I think this amendment, if passed, would be hailed worldwide, even behind the Iron Curtain countries, as the first real indication in some time that the United States is really concerned about exporting liberty and the freedom to pursue happiness beyond her borders. If this is interference with foreign countries' affairs, as the State Department suggests, I say let's have more of this kind of interference and less of the kind of interference we have been indulging in in the past few decades.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. BYRD].

(Mr. BYRD asked and was given permission to revise and extend his remarks.)

Mr. BYRD. Mr. Chairman, I seldom take the time of this House but, upon a few occasions, I have tried to call to the attention of the membership the conditions which are prevalent in my district, the largest coal-producing district in the United States, and which exist throughout West Virginia and, likewise, in the other coal-producing States. There is a written law, however, in the book of Ecclesiastes which says:

To everything there is a season, and a time to every purpose under the heaven; a time to be born, and a time to die * * * a time to keep silence, and a time to speak.

If there were ever a time to speak, it is upon an occasion such as this when we are considering legislation so vital to the interests and the welfare of our country and its people.

I am sorry that H. R. 1 has been brought before the House under a closed

rule, depriving the membership of the opportunity to work its will and its way upon what might very well be the most important piece of legislation we shall consider during this session. During the hearings on this bill, I appeared before the House Committee on Ways and Means and urged that amendments be adopted so as to provide protection for our industries and the people who work in them. I also appeared before the House Committee on Rules and asked that H. R. 1 be brought to the House under an open rule. It is here before us under a gag rule.

Today we shall make a decision, and it will be a decision from which we cannot retreat. It is one with which we shall have to live for a long, long time.

Brutus in the great tragedy, Julius Caesar, said:

There is a tide in the affairs of men,
Which, taken at the flood, leads on to fortune;

Omitted, all the voyage of their life
Is bound in shallows, and in miseries.
On such a full sea are we now afloat;
And we must take the current when it serves,
Or lose our ventures.

Today we are upon that very sea, and either we shall pass this legislation which will continue to deny protection to our own people and our industries, or we shall stand with the courage we should have as men and vote to send this nefarious piece of legislation back to the committee, where there can be written into it provisions which will adequately protect our industries and which will terminate, once and for all time, the present setup under which the President is making a joke out of the escape clause.

I have listened to the arguments of those who are in favor of passing this bill in a hurry. I say there is no hurry. The present act does not expire until June. There is plenty of time. Other less important bills have come before this House under an open rule. Why can we not have an open rule upon this most important piece of legislation? We Members of this House should assume the responsibility that is ours under the Constitution and take the time, because so very much is in the balance.

Someone said yesterday that the great John C. Calhoun would turn over in his grave if he could know the arguments of those Members who were pleading for an open rule, and if he could hear those who were opposed to passing this legislation in its present form.

Now, if we are going to invoke the spirit of those great statesmen who have joined "the innumerable caravan which moves to that mysterious realm," we might detect some uneasy stirrings "in the silent halls of death" and across the years Webster's words which appear upon the wall of this Chamber might fall upon our ears in thunderous tones;

Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its great interests and see whether we also in our day and generation may not perform something worthy to be remembered.

But let us not dwell in the dying embers of the past. "No man, having put his

hand to the plow, and looking back, is fit for the kingdom of God." Jesus said, "Let the dead bury their dead." I exhort you to "choose you this day whom ye will serve; whether the gods which your fathers served that were on the other side of the flood," or the America and the people of today and the days to come.

Those who maintain that H. R. 1 should not be amended make the argument that to amend the bill would endanger the economies of our allies. I agree that our allies must be strong economically if they are to be strong militarily, but I am not in favor of strengthening their economies if by so doing we weaken the economy and the military potential of this Nation.

Who is there in this Chamber today who can assure me that in the event of atomic war, our allies will not proclaim themselves neutral in order to avoid total destruction? I believe that in the event of another war, America will have to, in the final analysis, defend its own shores with its own guns and its own blood. I, for one, am in favor of looking after America's defenses and the economy of this country first, last, and all the time. But I am persuaded to believe that our country's military might is being imperiled as a result of the threat posed to our industrial mechanism by excessive imports of cheap foreign gas.

Our production techniques have been the envy of the world, and in less than 200 years this Republic has become the brightest star in the galaxy of nations. This ascendancy to supreme greatness did not come about by chance. It was the result of God-given resources which could be developed through the wisdom of men and women who placed the welfare of their country above all else. Their vision, their talents, their fortunes, and their patriotism have all blended to give this generation the most wonderful country in any age. But, my fellow countrymen, America's sun may be swept from its zenith to set forever beyond the hills of time if we act carelessly and unwisely during one of destiny's golden moments.

I saw them tearing a building down.
A group of men in a busy town.
With a hey, hi, ho, and a lusty yell,
They swung a boom and the side wall fell.
I said to the foreman, "Are these men skilled,
The type you would hire if you had to build?"
He laughed and then he said, "No, indeed,

just common labor is all I need.
I can easily wreck in a day or two
That which takes builders years to do."
I said to myself, as I walked away,
Which of those roles am I going to play?
Am I a bulldozer who works with care,
Building my life with the rule and square?
Am I shaping my deeds by a well laid plan,
Patiently building the best I can?
Or am I a worker who walks the town,
Content with the labor of tearing down?

Through the long years, the American people have built the greatest Nation on the face of the earth, the greatest in any age, and it takes only a day to ruin that magnificent edifice. I sincerely believe that the building is being threatened today by legislation such as the bill before

us. Shakespeare, in that eminent work of genius, *MacBeth*, placed upon the lips of Malcolm these words:

I think my country sinks beneath the yoke. It weeps, it bleeds, and each new day a gash is added to her wounds.

As I think about my great State of West Virginia and the other industrial States of this Nation, I hope that we today will not add to their wounds a mortal blow.

Throughout the coalfields of my State, and of Pennsylvania, Kentucky, and all the other great producers, are idle tip-ple, idle railroad cars, deserted shafts, and mine after mine closed down. During the past 3 years at least 150 commercial mines have closed in the State of West Virginia, idling thousands of miners. Add to these the thousands who depend on coal for a livelihood—railroad workers, storekeepers, service-station owners, and a host of others, and we begin to get some picture of a real depression in coal-producing areas.

I live in the Beckley area of West Virginia, and in that area alone, the percentage of total employment as represented by mining has declined 43 percent from that of 1 year ago. Practically all of the unemployed are men who are over 45 years of age, with none other than mining experience, a fact which in many instances precludes them from finding employment elsewhere. A recent report shows 3,500 persons a month exhausting their unemployment benefit payments in my State, and many individuals passed this point of exhausted benefits months ago.

On January 1 of this year, 223,847 people in West Virginia were depending upon the Government surplus food commodities for survival, and the figure is increasing at the rate of 10,000 each 2 weeks, I have been informed. School lunch programs have been seriously affected in these mining areas, as more and more children of unemployed workers are forced to depend upon free school lunches. Many requests are being received by teachers for clothing to keep children warm. The situation, in many instances, is desperate, to say the least.

Mr. Chairman, throughout many months, I and other Members of Congress have offered evidence of rising unemployment, hunger, and destitution in coal-producing States. Our arguments have gone for naught. If the attitude we have met continues to prevail, I assume that to offer further evidence would be "love's labor lost." Some may say that the difficulties confronting these people are so provincial as to be excluded from consideration in a program devoted to international trade policies, but there are other aspects of the damaging impact of foreign residual which cannot be looked upon sectional problems. Coal mining and railroading are as essential to the conduct of a mobilization program as are aircraft industries, munitions works, and shipbuilding. Coal mines and railroads cannot survive under a system which demands that they operate like a stop-and-go traffic light—on again, off again, on again, gone again. The caution light is now burning and, unless the rail and coal industries are given

consideration in the immediate future, the red light may be on when this Nation's security is in jeopardy and these great basic industries are called upon once more to deliver the goods.

My friends, the time has come when we must think uppermost of the welfare of our native land, and the well-being of its people, the men and women who with their sweat and blood and tears and fortunes have made this country the land of the free and the home of the brave. If we must be our brother's keeper, let us think of our brothers here before we think of our brothers abroad who may or may not be counted upon to help us in our hour of need.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BYRD. Mr. Chairman, will the gentleman on my left, in charge of the time, permit me to have 3 additional minutes?

Mr. REED of New York. Mr. Chairman, I yield 3 additional minutes to the gentleman from West Virginia [Mr. BYRD].

Mr. BYRD. Mr. Chairman, perhaps my thoughts can best be illustrated by Edwin Markham's Parable of the Builder in which he told the story of a certain rich man who had it in his heart to do good. One day he was walking over his broad estate and he came upon a little hut in the valley in which lived a poor carpenter with a large family. The rich man out of compassion summoned the carpenter to his home the following morning and laid before him the plans for a beautiful building. The rich man said, "I want you to build me a house just like this one, over on the mountain, overlooking the sea. I want you to put into it the finest of materials and the best of workmanship, because I want it to be a good house."

With that he went away and left it all to the builder. After he had gone, the builder thought it over, and he said to himself, "This is my chance." So he put into the building the cheapest of materials and the poorest of workmanship, in order that he might have more money for himself. At length the rich man returned. The carpenter walked up to him and offered him the keys, and as he did so, he said, "That is a fine house I built for you over on the hill."

"Good," said the rich man. "I am glad that it is a good house, because I have intended all along to give it to you when it was finished. The house is yours."

The carpenter walked away broken-hearted. How industriously he had been cheating himself. As he walked away, he said over and over again to himself, "Oh, if I had only known that I was building for myself."

Each of us is working on a building. It is the building of America. Shall we build wisely or foolishly? Let us build carefully lest in the end we find, like Edwin Markham's carpenter, when it is all too late, that we have been cheating ourselves.

Mr. Chairman, I offer the following poem in no vein of lightness, but, rather, in a spirit of sincerity and deep purpose.

May it leave an indelible impression upon the minds and hearts of all as we prepare to make our decision:

When you get all you want in your struggle for pelf,

And the world makes you king for a day,
Then go to the mirror and look at yourself
And see what that has to say.

For it isn't your father, your mother, or wife
Who judgment upon you must pass,
But the fellow whose verdict counts most in
your life

Is the old boy looking back from the glass.
He's the fellow to please, never mind all the
rest

For he's with you clear down to the end,
And you've passed your most difficult, most
dangerous test

If the man in the glass is your friend.

You may be a Jack Horner and chisel a plum
And think you're a wonderful guy,
But the man in the glass will just say you're
a bum

If you can't look him straight in the eye.

You may fool the whole world down the
pathway of years

And get pats on the back as you pass.
But your final reward will be heartaches and
tears

If you've cheated the man in the glass.

Mr. Chairman, let us not cheat the man in the glass. I urge the Members of this House to support the motion to recommit. If we can recommit H. R. 1, it will be brought out of the committee with adequate safeguards included for the protection of the coal, chemical, glass, and other industries, after which we can conscientiously support the bill.

The CHAIRMAN. The time of the gentleman from West Virginia [Mr. BYRD] has again expired.

Mr. REED of New York. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON].

(Mrs. FRANCES P. BOLTON asked and was given permission to revise and extend her remarks.)

Mrs. FRANCES P. BOLTON. Mr. Chairman, during my 15 years in the Congress as a Representative of the 22d District of Ohio, I have supported extension of the Reciprocal Trade Agreements Act each of the eight times that it has come before the Congress. I am supporting it again.

President Eisenhower, in his message to the Congress on January 10, 1955, gratified many of us concerned with this Nation's trade when he described his program as "moderate, gradual, and reciprocal." I have often said that I believe in tariff reductions if they are truly reciprocal—if they prove equally beneficial to both signatory parties. Both buyer and seller must gain.

All too few people realize that while the principles of the trade-agreements program are basically international, the application of those principles—as far as my constituency is concerned—is entirely a local matter. In the greater Cleveland area there are hundreds of large and small businesses which manufacture upwards of 1,000 products, a large proportion of which has long been marketed at home and abroad. Thousands of persons find gainful employment in the production of that merchandise and on the periphery of Cleveland

we have hundreds of farms. These farmers engage not alone in dairying, and stock feeding, they cultivate their lands and orchards in the production of wheat, corn, apples, grapes, pork, and other crops, of which we in America are at this very hour producing exportable surpluses. To keep our local industries in production, our farms prosperous, it is imperative that we find foreign markets in which to dispose of these products economically and profitably.

This can best be accomplished by trade that is truly reciprocal, where we dispose of our surplus products and accept in payment thereof those products not native to our soil—coffee, tea, bananas, crude rubber, and silk, to name but a few. We need also those products so vital to our defense industries which are in short supply in our country—strategic products such as nickel, tungsten, cobalt, manganese, mica, and many others.

At another point in this statement, Mr. Chairman, I make particular reference to other phases of our national security.

MY STUDY OF THE TRADE ISSUE

It is because the trade issue is so vital to our domestic and foreign economy and to our national security that year after year I have made a separate study of the subject before casting my vote.

Last year, in anticipation of this legislation, I decided to go further in my analysis of world-trade problems. I began a very extensive correspondence with persons throughout the country who are conversant with the problems of trading in foreign countries. My letters read:

MY DEAR MR. ———: For 15 years, as Congressman of the 22d District of Ohio, I have tried to support sound legislation in the Congress that would aid in furthering the economic welfare of the American people. The needs and desires of my constituents in greater Cleveland and my membership on the House Foreign Affairs Committee have made me particularly aware of the need for an intelligent trade policy for the United States.

In preparation for the 84th Congress, I am giving serious consideration to the kind of action the Congress might take in the area of foreign trade. Discussions in the 83d Congress on the extension of the Reciprocal Trade Agreements Act made it apparent that the question of trade and tariffs will come in for some very serious deliberations in the coming 84th Congress.

President Eisenhower will probably renew his request for a 3-year extension of that act and the Committee on Ways and Means is expected to delve into all aspects of our tariff policy. In addition, many reputable national organizations have urged the Government to take forthright action on foreign trade.

For that reason, I am writing to you and a few other experts in the fields of business and international trade to secure your own best thought as to the specific area in your field which might profit most from Federal legislation. I should be delighted to have your opinions and I will give them the most serious consideration, although you know that it is impossible to make any specific commitments as to just what I can do, or what the Congress may do.

It is my feeling that only by intimate and close consultation of this kind can we legis-

lators effectively serve the national interests. I hope I may hear from you soon.

Sincerely yours,

FRANCES P. BOLTON,
Member of Congress.

The 135 replies I received contained the considered opinions of some of the best minds in this country, both pro and con of this vital issue. They were invaluable to my fuller understanding of our foreign economic policy, and in the body of this statement I have drawn freely from these opinions to illustrate my position.

NEED FOR OTHER TRADE METHODS

Mr. Chairman, whereas I offer support of H. R. 1, I feel we should not stop there. H. R. 1 would extend for 3 years the Presidential authority to negotiate reciprocal trade agreements and—subject to present peril point and escape clause provisions—it gives the President authority to—

First. Reduce selected tariff rates by not more than 5 percent per year for 3 years.

Second. Reduce, by not more than half over the 3 years, the January 1, 1945, rates on articles not now imported or imported in negligible amounts.

Third. Reduce to 50 percent any rates in excess of that level.

However, among those with whom I corresponded an impressive number emphasized the fact that reduction of American tariffs alone would not remove the many serious obstructions which now exist—within and without our borders—to a healthy two-way trade.

Therefore, I respectfully suggest to the distinguished members of the committee that they consider also the many other methods by which we can stimulate international trade to the general advantage of the citizens of the United States.

Let me cite a few:

CUSTOMS SIMPLIFICATION NEEDED

Among the biggest stumbling blocks to our buying from abroad are the customs procedures of our own country. Some of those with whom I corresponded would attack that situation before all others, as Mr. John J. McCloy, chairman of the board, Chase National Bank, wrote:

I also feel very strongly that constructive legislation should be adopted which would have the result of cleaning up the rabbit warren of regulations which importers now have to go through and that more certainly be introduced in the administration of our tariff policies. I think at this stage it is considerably more important than reduction in tariff.

There is a good example of this problem in my own area. Mr. R. W. Gresham, secretary-treasurer, the A. W. Fenton Co., Inc., points out:

For instance, in our Cleveland custom-house they are presently handling 100 percent more business than they handled in 1946, with 10 percent more people than they had at that time. We have a customs warehouse which is crowded, and in busy seasons merchandise must be held back at freight terminals because it cannot be readily processed. * * * Quarters are so cramped and old-fashioned in the basement of our Federal building that modern mobile equipment is unable to drive up to the customs loading

platform to pick up freight and deliver it over the road to importers.

FOREIGN IMPORT QUOTAS NULLIFY TARIFF CONCESSIONS

American exports are frequently more limited by other countries' import quotas than by their tariff rates. As Mr. Arthur S. Armstrong, president of the Cleveland Twist Drill Co., said:

The reason the value of duties levied on manufactured goods is so small is the fact that there is 100 percent embargo on the importation into the United Kingdom of any goods which are manufactured in sufficient quantities within the Commonwealth. This is accomplished by the denial of import licenses for any such goods—a trade weapon not used by our country.

The Committee on Economic Development and others have urged that the President be authorized to exchange reductions in our tariffs for other kinds of benefits to the United States than merely tariff reductions abroad.

DOUBLE TAXATION DISCOURAGES INVESTMENT ABROAD

Then there is the question of American profits made in foreign countries being taxed both in the country in which they are earned and again in the United States. Mr. John W. Houser, executive vice president, Hilton Hotels International, said:

We know from experience that working abroad involves unbelievable problems and a real capital risk. * * * I believe that a great incentive can be created through reduction or elimination of taxes upon possible earning abroad which would offset the hazards and difficulties of engaging in such work.

ANTITRUST LAWS NEED STUDY

There are also the complications of legal requirements. Mr. Leo D. Welch, treasurer of the Standard Oil Company of New Jersey, writing for himself and for Mr. P. T. Lamont, a director of that firm, pointed out:

The United States investors operating abroad should be protected from undue extension of the United States legal requirements. Where the United States-owned enterprise in a foreign country complies with the requirements of local law, it is hard to see that any additional requirements should be imposed, and it is extremely confusing when these requirements differ from those imposed by the Government in whose area the business is conducted.

Many other businessmen are asking for our reciprocal trade treaties to include provisions which would protect them from the threat of expropriation and other factors which discourage investment.

EFFECTS ON 22D DISTRICT OF OHIO

In my own 22d Congressional District, it is difficult to gather figures which indicate the great extent to which we are dependent upon export business. We produce paint, enamels, automobile parts, and many other items which go into making a complete machine, and this machine is ultimately exported but is never registered as an export from Cleveland.

True, some of our industries are adversely affected by foreign competition, especially those manufacturing bicycles, sewing machines, and—to a degree—

steel. But many more companies are buying and selling abroad in large quantities and several businessmen have told me that they depend on foreign trade for their margin of profit. One president of a large Cleveland corporation perhaps oversimplified the problem when he said:

We feel that low tariffs stimulate international trade which, although hurting some specific businesses, is nevertheless in the best interests of the world at large.

A good indication of our dependence upon foreign trade is shown in a recent Ohio industrial study by the United States Department of Commerce. It showed that about 30 percent of Ohio workers are in industries whose export sales on a national basis are more than 20 times as large as the corresponding United States imports; and another 40 percent of Ohio's workers hold jobs in industries which sell to foreign markets from 4 to 20 times as much as imported to this country in comparable goods.

But the maximum effects on Ohio will be in years to come when the great St. Lawrence seaway will be bringing new markets to our doors and new products for our people. The seaway may transform the whole Great Lakes area into another coastline, and those of us who look toward the future see that our best interests lie in an enlightened world trade policy.

VITAL INDUSTRIES AND NATIONAL SECURITY

But above all else, Mr. Chairman—and apart from considerations of economics and diplomacy—we must safeguard those domestic industries essential to our national security. There is concentrated in the State of Ohio almost one-third of the entire machine-tool industry of the United States—the backbone of any peacetime industrial or wartime armament program. The capacity of this industry has been seriously damaged by gradual reduction in tariff protection and because contractors and industries generally went to Europe to import machine tools during the Korean war.

But representatives of the machine-tool industry tell me they are not opposed to H. R. 1, nor are they requesting tariff protection.

This dire situation can be alleviated through the use of carefully planned Government purchases. The past Congress authorized the Secretary of Defense to grant \$100 million in contracts for "long lead time" machine tools which would be required in a national emergency. This equipment—periodically modernized to meet current weapons design—will be held in storage. Having received such contracts the factories will be kept in production. The Secretary of Defense is expected to ask for another \$100 million authorization for this year. I urge that he be granted that authority.

But the machine-tool builders are deeply concerned by the implications of President Eisenhower's recent Executive Order 10582 on administration of the Buy-American Act. It would be appalling if the Defense Department felt constrained to buy machine tools from foreign producers solely because their price is about 6 percent lower. Not only

would foreign machine-tools plants be in close proximity to the probable enemy, but they would not be able to offer the engineering service which is just as important as the original machine. Machine-tool users must be in constant contact with their builders, for attachments, tooling, and repair parts. We do not go 3,000 miles away to build our fighter planes and neither should we go such a distance for the machine tools which are the seeds from which these planes grow.

CONCLUSION

Mr. Chairman, the world of today—the world to which the United States must give courage and leadership—is a world of confusion, of turmoil, and dissension. It is a world of insecurity in which there is very real danger, not only for ourselves but for all mankind. It is for us—free citizens of a free land—to open up the way of hope, of high morality, and of unselfish action.

Were there no other reason for broad reciprocal policies in international trade, this alone would be reason enough to go forward in the development of such policies as will give greater opportunity not only to ourselves but to freemen everywhere. This alone gives meaning to our action at this time. The extension of these reciprocal trade agreements is one step along the way.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. WOLVERTON].

(Mr. WOLVERTON asked and was given permission to revise and extend his remarks.)

Mr. WOLVERTON. Mr. Chairman, the bill now under consideration—H. R. 1—to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930 will probably be the most important legislation to come before Congress this session.

The act now before us not only extends existing law but expands it. The language used in this latter aspect is technical in the extreme. There has been no satisfactory clarification of the meaning of the language given to the Committee. This can therefore mean much or little according to the interpretation that is subsequently given to it in its administration. It can be readily realized that it will be given the broadest possible interpretation as the bill was drawn by those who are interested in having the reciprocal-trade policy given the widest possible use. Therefore the interpretation to be given will be broad rather than restricted.

The language to which I refer reads as follows:

To enter into foreign-trade agreements with foreign governments or instrumentalities thereof containing provisions with respect to international trade, including provisions relating to tariffs, to most-favored-nation standards and other standards of nondiscriminatory treatment affecting such trade, to quantitative import and export restrictions, to customs formalities, and to other matters relating to such trade designed to promote the purpose of this section similar to any of the foregoing: *Provided*, That no such provision shall be given effect in

the United States in a manner inconsistent with existing legislation of the United States.

A reading of this new language, inserted into this bill, is sufficient to cause inquiry as to, first, what does it mean; and, second, if it is not intended to change the meaning of the present law, and, which does not contain this particular language, then, why was it inserted in the present act?

The uncertainty created by the language to which I have referred, plus the additional power given to the President to reduce tariffs has created a genuine fear upon the part of some thoughtful persons who see the possibility of expanding the present policy and thereby resulting in harm to some of our industries and the thousands of workers they employ.

The fundamental purpose of this legislation is to make it easier for foreign-produced goods to enter this country. The philosophy that has heretofore prevailed in this country and supported our giveaway program to foreign nations now finds expression in legislation such as this, that would give away our American market to the nations of the world. For several years we have taxed our people and given billions of dollars collected from them to foreign nations. Now we seek to take our consumers market away from our own workers and give it to workers abroad by giving foreign-produced goods easy entrance into our country in competition with our own products.

The result of such a policy is not hard to predict when we consider that foreign wage scales are only one-tenth to one-third of the wages paid in this country for similar work. Our workers should not be expected to compete with the low wages and low living standards that prevail abroad. Our workers cannot succeed in such an unequal struggle without surrendering their higher standard of living, based upon the higher wage scales now enjoyed in this country.

In the very near future in addition to other negotiations, we are to enter into negotiations with Japan for a trade treaty. Upon the list of possible concessions to Japan are such items as textiles, organic chemicals, cameras, chinaware, pottery, glassware, porcelain, optical instruments, fish products, and a great variety of other articles. Any concessions to Japan will, of course, be extended automatically to other countries under the most-favored-nation clause in these reciprocal trade agreements. This latter principle is one of the most unjust principles ever written into law because it gives advantages to others without anything in return. But, as if this is not enough, the bill adds insult to injury by providing a most unique provision, namely, a provision specifically authorizing the United States to grant concessions to third countries in return for their granting concessions to Japan. What logic or reason is there in such a provision? How can such a provision be justified? There is no sound basis to sustain it, and, yet, with the rule that has been adopted in the House by

a majority of 1 vote, a member of the House cannot offer an amendment to strike out such a ridiculous provision. What are we coming to in this giveaway program? How long before we awaken to the danger that will confront us if it is not restricted?

The support that is given to this bill would seem at times to be based upon the theory that the United States is blocking the cause of good will in the world by maintaining unreasonably high tariff rates, and therefore we owe it to the world to open our markets to them. It is not true that the United States is guilty of any such practice. An examination of the record will show that since the passage of the original reciprocal trade agreements legislation in 1934, average tariff rates of the United States have been reduced by 7 percent. Already, the United States stands 7th from the bottom of a list of 45 nations with respect to the average level of their tariff structure. Certainly in view of this it cannot be said that the United States has not done its fair share already in reducing trade barriers.

Furthermore, an examination of the economies of the European nations will show that they have reached a highly satisfactory condition. Great Britain is reported to have had its best year in history, in 1954, and anticipates even a better year in 1955. West Germany has far exceeded anticipations. Other European countries show similar improvement. The time has come when we should call a halt in the give-away program of America. The giving away of our market to the nations of the world can only result in disaster to the standard of living of our own workers.

It is highly important that we stop and give careful consideration to the adverse effect that legislation such as this now before us can have on our own economy. The time for sentimental considerations, alone, in formulating our foreign policy is fast passing. The time for practical and hard-headed consideration is upon us. Do not let us overlook the necessity of keeping American industry alive if our workers are to be kept at work.

Whatever may be said as to some of the good features of a reciprocal policy, nevertheless, the fact remains crystal clear that there are provisions in this bill that should be changed to protect American industry and our workers. To accomplish this the bill should be recommended to the Committee on Ways and Means for further study, clarification, and amendment.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Kansas [Mr. REES].

(Mr. REES of Kansas asked and was given permission to revise and extend his remarks.)

Mr. REES of Kansas. Mr. Chairman, yesterday I voted against the rule that would not permit amendments to this proposed legislation. It is my opinion that Members of the House should have a right to propose amendments to this measure whether they are for or against the legislation. If they do not see fit to

support such amendments, they can vote them down. I think the House of Representatives should have a right to work its will in dealing with this far-reaching proposed legislation.

When it goes to the other end of the Capitol it will be open for full and complete discussion and debate. Members of this body are just as reasonable and just as fair as the Members of the other body. Suppose it would take a day or two longer. We have no pressing program ahead of us. I think more Members will feel a whole lot better about this situation if they, at least, had a chance to give consideration to amendments that many of us think should be considered.

I would not be misunderstood; I am not one who believes in so-called high tariff walls. I am in favor, however, of protecting the American producer and the American workingman against importations of materials at such cheap prices as to injure their economy and earning power. I had hoped to have a chance to submit an amendment that would provide against excessive imports of crude oil from foreign countries. I know consumption of crude oil is growing in the United States, but not nearly in proportion to the amount of imports from foreign countries.

At the end of World War II, the United States was supplying all but 377,000 barrels per day of the oil which it consumed. It was also exporting oil. Today it imports about 1,200,000 barrels of oil daily.

On the surface this increase in the importation of oil would seem to indicate that the United States is running out of oil, and that it has no choice but to use oil from foreign sources. This is not the case, however. This Nation is today capable of producing at least 1,750,000 barrels of oil each day more than it is producing. This excess capacity to produce, however, comes at a time when the use of foreign oil is at an all-time high.

Much of this increased importation can be explained by the fact that the same firms that are importing the oil, are producing it overseas at much lower costs than are prevalent in this country. Five American firms own or control most of the oil that is brought into this country. Taken together, these firms form a huge international oil-trading group. About 9 out of 10 barrels of their proved reserves are located overseas. Nearly 2 out of 3 barrels of their production lies outside this country. Much of these companies' reserves lie in the Middle East. This oil is within the shadow of Russia.

If this Nation uses more of this imported oil it will at the same time encourage further concentration of control in the hands of a few companies. It will also stimulate increased oil production capability in the Russian orbit. The most disheartening aspect of increased foreign-oil use, however, is that it impairs the capability of the domestic oil-producing industry. Imports have already made serious inroads on markets for domestic oil. Further increases in imports could cause serious and permanent injury to domestic oil exploration

activity, and could cause a reversal in the Nation's traditional ability to be self-sufficient in oil.

Independent producers of oil, and incidentally 75 percent of oil explorations are by small independent producers, are not asking that importation of crude oil be entirely suspended. They do ask for a fair chance at the American market. They ask only for reasonable restrictions to protect them in that market.

It hardly seems right that foreign imports be permitted to increase every week and every day. They run at the rate of approximately a million and a half barrels a day. While that is going on oil wells in the great Midwest are throttled to where they are allowed to produce at about 15 percent of their capacity. That cannot be right. It is unfair to thousands of American citizens engaged in discovery and production of oil.

Congress should act to restrain oil imports. It should be done by legislative means. Other methods have been tried and found wanting. Congress, in this matter, is the court of last resort. This Congress should act before it is too late.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Connecticut [Mr. MORANO].

Mr. MORANO. Mr. Chairman, I support H. R. 1, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MORANO. Mr. Chairman, the question of foreign trade is inexorably intertwined with our foreign policy. In this critical period of history, the United States must be strong, and it is imperative that we be supported in our aims and ideals by nations whose economic structure is sound and whose military power is strong.

The fall of France in World War II allegorically illustrates the futility of the theory of attempting to build strength by the erection of a protective wall.

Behind the wall must be a stable economy. A nation militarily mighty must be buttressed by similarly economically stable and mighty nations who share an affinity for freedom and the dignity of man.

International trade provides the most effective way to improve our relations with other nations on a long-range basis. Military alliances are worthless unless they are augmented by realistic trade agreements benefiting both ourselves and our allies.

Expanded foreign trade is vital to the perpetuation of international peace, and to the peace and security of our own Nation. It cannot be a one-way street. We cannot woo allies on the one hand and erect barriers to their legitimate trade interests on the other. Naturally, they will turn to the nations who are more receptive to their trade problems, and that is handing over to the Communists a victory which they could gain by no other means.

By expanding our foreign trade in a selective and moderate and reciprocal manner, we can actually increase employment in this country while maintaining the friendship and support of our allies.

As the Representative of a manufacturing district, the problem of liberalizing our trade laws has long been of great concern to me. I have searched my conscience thoroughly. I have decided that there are situations which arise in the course of a Congressman's career wherein he must weigh the influences of his immediate constituency against the broader problem of the best, self-enlightened interests of the Nation as a whole.

Although I may be the only member of the Connecticut congressional delegation to have voted yea on H. R. 1, I am convinced that by so doing I am acting in the best interests of my constituency and my State, for in the long run, what we believe to be the welfare of our Nation is our utmost concern, and what most benefits our country, benefits every district, every State, and every citizen in the final analysis.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. HARVEY].

(Mr. HARVEY asked and was given permission to revise and extend his remarks.)

Mr. HARVEY. Mr. Chairman, I expect to vote for the motion to recommit.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. SADLAK].

Mr. SADLAK. Mr. Chairman, the hearings on H. R. 1 among other sources reveal to me great concern by representatives of industry and their workers that the faith and confidence which appellants had in the Tariff Commission has greatly been shaken.

Time and money are required in the preparation of a case to be presented to the Commission and when the matter, after having been presented and studied by the Tariff Commission, is turned down by a majority, then naturally there is disappointment but there is not resentment. It is following the determination by the Tariff Commission when their decision concludes that there is an injury to the industry and the workers in that industry, that the difficulty ensues. Appellants feel that intervening information, which is submitted to the President by the various Government departments after the findings of the Tariff Commission, not only influences the ultimate decision of the President but tends to deny that actual injury does exist as was decided by the Tariff Commission. It would seem that if the findings of fact by the Tariff Commission as to the existence of injury are made conclusive, the faith and confidence which industry should have in presenting cases to the Tariff Commission, will be encouraged.

In 15 cases of the 59 applications for relief since the escape clause procedure was provided, the Tariff Commission found injury or the threat of injury and so reported to the President. There was not, however, the acknowledgment of this injury accepting the factfinding

of the Commission that there actually was injury. To me, this acceptance can have a very helpful effect on those who appeal to the Commission, will bolster the morale of the many industries that feel that the provisions of H. R. 1, if enacted and carried out, will definitely cause injury and loss of work before the expiration of the 3-year period provided in this bill even though this may not be the case at present.

In this group are included the employees and manufacturers of bicycles, carpets, chemicals, clocks, fiber fabrics, hats, lace, machine tools, electrical equipment, lead pencils, pins, needles, shears, scissors, toys, optical and surgical instruments, and textiles. Outstanding among these are so-called one-industry communities: for instance, Norwich, where the manufacture of vacuum bottles is the prime industry; Thompsonville, where the manufacture of carpets is the prime industry; and Stafford Springs, where the manufacture of textiles is the prime industry. In these industries are found special skills and I for one want very much to provide for a reservoir of jobs to protect these skills in the event of immediate need in emergency. Continued concessions to manufacturers outside of the United States of like products can eventually lead to the closing of these industries and the loss of the skilled employees who, because they will not be keeping up with their learned trade, would not be available on short notice.

Incidentally, I had proposed an amendment in committee, the purpose of which was to keep these skills and to set up standards which would guide those entrusted with our defense and selection accordingly. Very favorable comments on my idea were made by Secretary Weeks of the Commerce Department who revealed during questioning that the Department is endeavoring to work out a plan along these very lines which I had suggested but because the plan is still being discussed and has not as yet been finalized, it was recommended that my amendment would more properly be attached to the Defense Production Act when the Congress again takes action on that legislation. I proposed the amendment in committee because I was of the belief that protection to these skilled employees, to these industries affected by our national security, really tied in with the trade agreements and an excellent backing was given to me by those who would handle these provisions. Again it was thought more appropriate to have the amendment attached to the Defense Production Act where it would be most effective. I am determined to follow this through and continue to urge as expeditious action as possible, realizing full well that a very short time ago, we had voted for a resolution in connection with the protection of Formosa and the very serious and highly explosive situation that confronts us there.

Let me at this point stress to you, my colleagues, that though my constituents are worried about the effect of present Japanese manufactures on our economy, they are much more concerned about the products the Japanese will be manufacturing 2 or 3 years hence. I mention this

because many of you may have had letters from your constituents informing you that teams of Japanese visited American plants a year ago under the auspices of the Foreign Operations Administration and most carefully examined the machinery in the visited plants. The industrious Japanese are very capable imitators and duplicators and most assuredly they are now making plans and designs of the identical machinery used in our domestic plants and will soon be flooding the market with like products produced at a much lower cost.

Another amendment which I was very happy to support in committee was suggested by my colleague, Mr. CURTIS of Missouri. The gentleman's amendment which he undoubtedly will explain in detail when he speaks on this legislation proposes that any concessions in United States tariffs be made contingent upon foreign producers' voluntary observance of minimum wage laws comparable to those of this country. The increase of pay for foreign workers will give them a better standard of living, will provide moneys to purchase essential goods, and will affect the vast differential between our wages and will help combat communism.

The motion to recommit which has been printed and made available to us provides one outstanding safeguard and assurance which I find is very desirous and imperative and I shall, therefore, mindful of all of those in my State of Connecticut, vote for it.

(Mr. SADLAK asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. MILLER].

(Mr. MILLER of California asked and was given permission to revise and extend his remarks.)

[Mr. MILLER of California addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. COOPER. Mr. Chairman, I ask unanimous consent that all Members who desire to do so may have permission to extend their remarks in the RECORD at the close of the debate on the pending bill today.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. STAGGERS].

Mr. STAGGERS. Mr. Chairman, first I would like to congratulate my colleague from West Virginia on his talk before the House a while ago. I thought it was very good and I hope that everyone here listened attentively to it.

May I say in starting my few brief remarks that when I first came to Congress and had the opportunity to vote for reciprocal trade I did vote for the Reciprocal Trade Act. I agree to a great extent with the principles of reciprocal trade as laid down by President Roosevelt and Secretary Hull.

There are lots of Members in this House who would have you believe today

that this bill agrees with the principles of Roosevelt and Secretary Hull. But it does not and let me quote from President Roosevelt in 1934 when he was advocating the Reciprocal Trade Act, when this Nation was in dire circumstances and something had to be done to help the distressed areas of the United States:

The authority must be carefully weighed in the light of the latest information so as to give assurance that no sound and important American interest will be injuriously disturbed. The adjustment of our foreign trade relations must rest on the premise of undertaking to benefit and not to injure such interests.

I would like to ask the Members who are advocating this bill today: Is this hurting any of the industries in America today? If it does, it does not then coincide with the statement of President Roosevelt in 1934.

President Roosevelt at that time indicated that it was only an emergency program, stating, "It is part of an emergency program necessitated by the economic crisis," and that the request was, "an essential step in the program of national economic recovery."

I will agree with a lot of the statements made here that we do have some surpluses and that we need to deal with other nations—I agree with that—but I believe if our leaders and the administration would sit down and try to work out a program that would be equally distributed among our industries instead of letting certain industries take all the rap for the benefit of a few, it would be the wise thing to do. And, I believe, if we get the true facts, it will not be denied that 2 or 3 of our great industries are benefiting principally and almost wholly by our reciprocal trade program as we now have it.

Now, we have a Tariff Commission that is supposed to protect our industries. Let me tell you the latest report they have, that we brought in handmade glassware from back of the Iron Curtain in Czechoslovakia, Hungary and Poland, and we did it this past month. Why are we dealing with Communist nations? Because they are outsmarting America. They have to have American dollars to pay their agents who operate in the United States, and when we are dealing with them and buying their products, they are getting those dollars which enables them to send their men in here to help undermine the American Government. I believe this administration should say now, once and for all, that no American dollars shall go behind the Iron Curtain.

Now, our coal industry has been hurt to a great degree. The textile industry has been hurt, and the handmade glass industry has been hurt. We are in an international crisis today. If tomorrow we had to go to war—and who knows, we might because of the Formosan situation—God help us, because we do not have time and distance on our side today. I hope my words will never become prophetic, because if they do, history will record that the Members of the 84th Congress were alerted to some of the dangers that might happen to this Nation, and the administration, with

the help of this Congress, has ignored some of those warnings. They have not made one proposal; not one have I seen in the newspapers or heard in the well of this House to help alleviate this situation.

Yes, we have a Tariff Commission, as I said before. Do you realize what some of the articles are on which they invoked the escape clause? Let me give you the instances, and they are only five: the dried fish industry; fur felt hats; hatters fur; filberts or soft-shelled almonds, and, as all of you know, this past year the watch industry. I am not saying that all of them did not need help; no; but we have some basic industries in this Nation today that need help badly. I have yet to see one concrete proposal to help them.

Mr. Chairman, I believe the bill should be recommitted.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KEAN].

(Mr. KEAN asked and was given permission to revise and extend his remarks.)

Mr. KEAN. Mr. Chairman, this is the program of our Republican President. I am supporting his program. I regret that the ranking Republican of the Committee on Ways and Means, in charge of the time, suggested to me that I should get time to speak from the Democrats. As a Republican, I do not like to accept favors from the Democrats. However, in the face of the incomprehensible attitude of the gentleman from New York, I have no other alternative.

Mr. Chairman, in the last session of Congress, it was my honor to introduce H. R. 8860, a bill to implement the President's foreign trade policy. I stated on the floor of this House then that our primary thought in this, as in all other legislation, must be to serve the best interests of the American people. I am pleased to see H. R. 1 now being considered for passage by this body. As the Members know, I introduced a companion bill to H. R. 1 myself, H. R. 536, on the first day of this session.

Both bills are similar to the original Kean bill, H. R. 8860, of the 83d Congress, second session. They, too, recognize that we must maintain and strengthen our country's industrial might, and that we must maintain the fullest possible employment. They, too, recognize that to do both, we must also do all we can to strengthen our friends in the free world, so that they may enjoy a sufficient measure of economic stability to be able to take rational measures to maintain their freedom and independence, without which they could benefit neither themselves nor us.

I would not want to give anyone the false impression, however, that H. R. 1, because it serves our foreign policy primarily for the benefit of the United States interests, is not a hard-headed business measure. Nothing makes better business sense than to let other nations pay for what they buy by selling their products here. Since 1918 we have been selling much more abroad than we have been buying, over \$80 billion more in all. If we do not import the goods of

other countries, they cannot continue to buy from us the products of our farms, of our machinery and implement factories, of our chemical, automobile and electrical industries.

Countless industrial, farming, and mining activities depend to a major degree on exports. It can be said accurately that exports are keeping many plants and many farms from closing. Let me quote some facts.

They are based upon 1953 statistics, since the figures for 1954 are not yet available. In that year, our rice growers shipped over half their total harvest abroad. In that year our wheat, cotton, and tobacco farmers shipped one-fourth of their production overseas. Over one-third of the 1953 raisin and prune crop was exported. These are but a few of many examples that could be cited.

Similarly, American industry has a big stake in export markets. In 1953 we exported nearly 25 percent of our lubricating oil, nearly half of our track-laying tractors, and 1 out of each 10 motor-trucks and machine tools produced. In addition, 9 percent of our anthracite coal, 11 percent of our tinplate, 10 percent of our steel rails, 12 percent of our refrigerators, and 31 percent of our construction and mining equipment found overseas markets last year.

Even small local businesses share in the benefits of a high level of foreign trade, because of the extra purchasing power placed in the hands of workers in export industries.

Of course, import competition does create problems, just as does domestic competition. Yet our industry has grown strong under competitive conditions, and the tremendous and still growing productivity of United States labor has usually been more than sufficient to offset lower wage standards in other countries. In any event, industries threatened with serious injury from imports have powerful machinery in existence to protect their interests. I refer to the peril-point and to the escape-clause provisions.

Many of you have asked why I feel so strongly about this bill. I do feel strongly about it. I feel strongly about it because of my deep conviction that all of us stand to gain from increased international trade. As I stated in the summary of my speech introducing H. R. 8860 in the last session, our gains from that increased trade can be counted under five different headings:

First, as taxpayers, because more imports help reduce the need of other countries for our aid;

Second, as consumers, because we can then purchase foreign-made goods that we need;

Third, as producers, because imports help foreigners earn the dollars they need to buy more American goods which they need and want but cannot afford;

Fourth, as investors, because increased dollar earnings by foreigners selling to the United States means more chance for profitable American investments abroad;

Fifth, as American citizens, because increased international trade creates a stronger free world, and so contributes

to the possibilities for maintaining world peace.

Often I find myself wondering just what opponents of this measure fear. My constituency is in a portion of New Jersey that serves as home for many thousands of workers. I would not think of sponsoring a measure such as H. R. 1 if I felt it would react to their disadvantage.

In this connection I have fully satisfied myself that the administration will seek a tariff reduction formula that will have little impact on industries now faced with heavy foreign competition.

The administration intends to proceed cautiously, always keeping in mind the best interests of the country in using any of the discretionary powers that this bill might give to the President. The President himself has characterized the program as moderate, gradual, and reciprocal. The authority of the President would still be subject to the present peril-point and escape-clause provisions. We have been assured by the Secretaries of State, Treasury, and Commerce that, in Secretary Dulles' words:

It is the administration's intention to exercise powers contemplated by the bill in such a manner that the legitimate concerns of United States business will be fully taken into account.

In view of these assurances, I am completely satisfied that the administration will not attempt to breach peril points. As a matter of fact, no President since the enactment of the Trade Agreements Act of 1934 has breached a peril point. The one time that there was some question about a possible breaching of peril points, President Truman sent a special message to the Congress to inform it of the action taken with respect to petroleum products in the signing of a trade agreement with Venezuela, and justifying such action in the light of the situation prevailing.

Now for those of us who fear the discretionary powers given the President on this point, I want to underscore the fact that Congress was fully informed in that one case where a peril point might conceivably have been pierced, even though the Tariff Commission was evenly divided in its finding, and therefore the President may reasonably have considered himself not bound by the provisions of the act to inform the Congress. In other words, the President leaned over backward at that time to fulfill not only the letter but the spirit of the peril-point provision. We have the solemn word of this administration that it will do the same.

I am opposed to the proposed motion to recommit this bill which was outlined by the gentleman from New York [Mr. REED] on yesterday.

Members are being asked to support this recommitment on grounds that only minor changes will be involved. The changes proposed are not minor.

The proposal is to make the Tariff Commission's findings binding on the President, not only their findings of fact but their evaluation of these facts and their judgment as to whether an industry has been seriously injured by in-

creased imports due to a tariff concession.

Of course the Tariff Commission's findings of the facts as to the amount of imports, their percentage as compared with the American production of such a product, and so forth, should be final.

But what the recommitment motion seeks to do is very different. It seeks to make final the evaluation of these facts by the members of the Tariff Commission. This is a question of judgment by that body, not merely factfinding. Such judgment is a question of opinion, which is quite a different matter.

We must also note that if the recommitment motion becomes law, the President must increase duties under the escape clause unless the national security is at stake. He cannot give consideration to his judgment as to the national welfare.

Evaluation as to the facts of such an increase should be done from the widest viewpoint. Only the President is charged with responsibility for the national welfare. Only he is responsible for the balancing of all interests at issue in a controversy, including the wider interest of the Nation in achieving foreign policy objectives and expanded foreign markets for farm products, minerals, and manufactures—without doing serious injury through import competition to established American business interests.

The responsibilities of the Tariff Commission in evaluating the facts are much more restricted, being limited almost entirely to a judgment as to the injury that could be done by imports.

The Tariff Commission, even if charged by law with wider responsibilities, could not and should not be expected to do the job now done by all the other executive agencies in advising the President of the effects of any proposed measure. The Secretary of the Treasury, for example, may submit an evaluation to him concerning the costs and revenue effects of a proposed change in the tariff law, in the light of budgetary plans; the Secretary of Agriculture would describe its effects upon our plans for disposing of agricultural surpluses abroad; the Secretary of State may advise the President of its effects upon our international commitments and our foreign policy objectives; the Secretary of Commerce, on the other hand, may comment on the relative and long-run effects of the proposal on all domestic producers and upon United States business activity as a whole. Often the many aspects of a problem thus presented call for difficult and soul-searching decisions as to which considerations must be given greater weight in arriving at a solution which is best for the people as a whole. Only the Chief Executive is responsible for, and should be expected to make such decisions under our form of governmental organization.

We cannot afford to recommit this bill now. All the nations of the free world are following these debates tensely to see whether the President is speaking for our country or only for himself when he speaks of the vital need for expanded international trade, and of the reciprocal

tariff reductions that the United States is ready to enter into with other like-minded nations. We should pass this bill as it stands for, in President Eisenhower's words, it "can add immeasurably to the security and well-being of the United States and the rest of the free world."

This is the program of our Republican President. I am supporting his program. I regret that the ranking Republican of the Ways and Means Committee, in charge of the time, suggested to me that I should get time to speak from the Democrats. As a Republican I do not like to accept favors from the Democrats. However, in the face of the incomprehensible attitude of the gentleman from New York I have no other alternative.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. COOPER. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Mr. SIMPSON of Pennsylvania. The gentleman in his remarks used the words "national welfare, national security" and I will add national interest. Does he distinguish between those words?

Mr. KEAN. Yes, I would. I would think national security had chiefly to do with our national defense.

Mr. SIMPSON of Pennsylvania. Would you say that national security includes national interest?

Mr. KEAN. Well, that is something for the lawyers to decide.

Mr. SIMPSON of Pennsylvania. Would you say that national security includes national welfare?

Mr. KEAN. Not necessarily, but again that is something for the lawyers to decide.

Mr. SIMPSON of Pennsylvania. I thank the gentleman.

Mr. DAWSON of Utah. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield.

Mr. DAWSON of Utah. The gentleman referred to the fact that the various departments of the Government including Agriculture, Commerce, and so on passed on their comments regarding the rulings of the Tariff Commission. I call the gentleman's attention to the fact that in the lead-zinc hearings, which were held before the Tariff Commission, there was a finding that the industry was in a distressed condition, and that relief should be granted.

Mr. KEAN. Which industry was that?

Mr. DAWSON of Utah. The lead-zinc hearings. I am informed when the matter went before the various executive branches of the Government, each branch of the Government backed up the finding of the Tariff Commission with the exception of the Department of State, and yet the President followed the advice of the State Department alone and refused to follow the Tariff Commission.

Mr. KEAN. Because he believed it was for the national welfare.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. SCUDDER].

Mr. SCUDDER. Mr. Chairman, in statements on the floor of the House and before the Ways and Means and Rules Committees, I have argued that tariff rate negotiations should not be made a pawn or a bargaining point in international politics.

Rather, they should be based solely upon economic conditions existing in the countries involved and should be equitable from the standpoint of the importing country and our American economy.

The bill before us today does not provide for an equitable approach to the tariff problem from the standpoint of American industry, labor, and agriculture.

I cannot go along with the idea of making further American tariff reductions, even indicating to the rest of the world that we can absorb their surplus production.

Year after year we have been a world leader in reducing tariff rates to a point where, at the present time, United States tariff rates are among the very lowest in the world—5.1 percent on the average.

By contract, 37 other countries maintain higher tariff rates than the United States.

But that is only half the story. On top of higher tariff rates, many other countries maintain import license systems, quotas, currency restrictions, monopolies—and various other devices which decrease or actually prohibit sale of American products on their markets, despite the existence of so-called reciprocal trade agreements.

For example, the United Kingdom imposes a tariff rate amounting to 25.6 percent on the average, including revenue duties. In addition, imports of most goods are limited under quotas; licenses are required on imports; dollars are controlled and special low tariffs are allowed Empire goods.

A perfect example of how these embargoes work is the case of motorcycles. A few years ago the British duty was reduced under a reciprocal-trade agreement with this country. It sounded good. But, under their import license system, no American-made motorcycle may be sold on the British market—even though their motorcycles are flooding the American market under the low-rate tariff agreement.

Similar restrictions are imposed in varying degree on lumber products, TV sets, home appliances, bicycles, dresses, cosmetics, and numerous other items.

France, with an average tariff rate of 10.6 percent, maintains strict quota and import license regulations.

Mexico, on top of a 20.6 percent tariff rate maintains quotas, permit regulations, and recently has levied heavier tariffs on things like handbags, wines, sewing machines, and tobacco.

In Japan trade restrictions make trouble for United States merchants.

Tariff rates are high in many cases: 50 percent on watches, 40 percent on toys and phonographs, 40 percent plus a 30 percent tax on United States automobiles.

It is very apparent that United States tariffs are much less than the world average. Maybe we are overselling some of our products. Perhaps thought should be given to the curtailment of excess exports with a view of encouraging foreign countries to produce for themselves which would help to balance trade.

Very few American producers enjoy import quotas or restrictions. Cotton is one, imports of which are limited to 1 percent of domestic production under section 22 of the Agricultural Readjustment Act. This bill continues the protection to cotton in relation to trade agreement negotiations.

The answer to the trade problem does not lie in the relatively simple approach of reducing American tariff rates which, in many instances, are already dangerously low. While the request for further reductions may seem slight, it may mean a shutdown of some of our industries and a further expansion of unemployment.

As Americans, we are justifiably proud of our standard of living. American industrial workers receive an average of \$1.83 an hour, based on December 1954 figures.

In Japan, the hourly wage is 19 cents; in France, it is 46 cents; in the United Kingdom, 47 cents; in West Germany, 44 cents; and so on.

Domestic producers cannot compete with products from cheap labor areas because, largely due to United States aid and assistance programs, other industrial nations now have machines as modern and efficient as any we have and for the most part their workers are just as skilled as ours.

Without protective tariffs, the end result will be the tearing down of our hard-earned wage standards.

Unfortunately, that condition is existing right now in many sections of our country. Our domestic economy cannot stand the loss of jobs in industries such as lumbering, fishing, viticulture, horticulture, bicycles, crockery, glassware, textiles—and many others.

In my own district—the First Congressional District of California—the price of domestic crabmeat has been driven to such a low point by imports that it is almost financially impossible for fishermen to operate. Several plants have already closed down, and others are threatened.

Many of those people, losing their jobs because of low tariffs, will have to be supported by the Government in the form of unemployment insurance or relief. Meanwhile the Government will lose the income tax which these workers would normally produce, and the investments in plants and equipment will become a total loss. Just how unrealistic can we get?

The obvious answer is that no reduction should be made, or even contemplated, in the crabmeat tariff, especially in view of the fact that 60 percent of the crabmeat consumed in this country is imported from Japan.

Certainly, 60 percent from a given country is a very liberal concession.

Workers in the wine industry are similarly threatened. They do not oppose importation of high-grade, quality wine with which they are in a more competitive position on the domestic market. It is the low-grade surplus wines flooding local markets under low-tariff rates which are creating havoc in the industry.

We have the same condition in plywood. In 1951, despite protests and facts presented by myself and others before the Tariff Commission, the State Department entered into trade negotiations with 17 foreign countries and brought about a 50 percent reduction in the tariff on imported plywood.

Another inequitable instance concerns hardboard. One of the largest hardboard plants in the country is located at Ukiah, Calif. It provides the main payroll of this community—a payroll which is now threatened by imports. Hardboard has been erroneously classified under the Tariff Act as a paper product. We are attempting to have it reclassified as a wood product which it actually is. Canadian producers have been fighting this change because they export hardboard under the paper products classification and thus benefit from 7½ to 15 percent tariff rate. If reclassified, hardboard would come under the 16¾ percent wood tariff schedule—still considerably below the Canadian tariff of 22½ percent on American-produced hardboard.

I most certainly am not against trade between friendly nations of the world. I believe it to be a healthy thing. However, I do firmly believe that too much emphasis is being placed on international politics in respect to trade agreements and that American industries and job opportunities are being needlessly sacrificed.

Tariff rates should be based wholly on the findings of a bipartisan Tariff Commission. After receiving testimony from representatives of industry, labor, and agriculture, the Commission should announce peril-point findings—based on economic conditions as they exist. Those findings should be final and if they are to be varied in any manner it should not be done without prior congressional approval.

In this way the constitutional responsibility of Congress in determining trade policies would be maintained, and adequate protection should thereby be accorded our economy.

Certain American industries have established manufacturing plants in many countries of the world. When they get into full production, employing people living under an economy substandard to ours, then the impact is inevitable and will spell ruin to our American standard of living.

We had better take a new look, and establish a policy in international trade of live-and-let-live. America, with 7 percent of the world's population, cannot absorb the surplus from 93 percent of the world producers. It would be better if we would be more realistic and

curtail some of our exports. As long as we send high pressure salesmen throughout the world preaching the philosophy that all people should have the same standards which we enjoy, without their having earned those standards, we shall be adding to the chaos and continue to expand the jealousy of the other nations toward the United States—thereby encouraging international turmoil.

Congress cannot ignore its constitutional responsibility. It is our duty to regulate trade. The Tariff Commission should be responsible to the Congress, and trade agreements made should be based on economics and not placed in the hands of the State Department to be used in the field of international politics.

I trust that the recommittal motion strengthening the peril point and escape clause is adopted by this body.

(Mr. SCUDDER asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. CARNAHAN].

(Mr. CARNAHAN asked and was given permission to revise and extend his remarks.)

Mr. CARNAHAN. Mr. Chairman, the arguments brought forward in defense of free trade are admirable. We all realize that in the past, economic barriers have, in many cases, lead to a difficult situation. Unreasonably high and unfair tariffs have fostered illwill and created tensions throughout the entire world. These tariff walls have prevented the flow of goods and services to many areas that were in dire need of them. Unnecessary tariffs have created islands of prosperity surrounded by a sea of poverty and abject want. And the moralist often shouts that many tariffs are the products of selfishness and greed. But these are all arguments against high tariffs. The cold facts are that the United States is no longer, by any stretch of the imagination, a high-tariff country. On the contrary we are among the lowest of tariff countries. In fact, we rank 7th from the bottom on tariff rates.

My concern of H. R. 1 is not on the grounds that there should be a general increase in tariff rates. We all recognize that in selective areas further reduction in existing tariffs might be to the advantage of our entire economy. To permit such adjustments is of course the overall objective of H. R. 1.

My concern is that any tariff policy of the United States should at least place foreign producers, having lower costs, in a reasonably comparable competitive position with efficient domestic producers. Such a policy certainly should not discriminate in favor of foreign products.

My concern is in connection with the effectiveness of the provisions of H. R. 1 for safe-guarding domestic industry and local workers from injury during expansion of world trade. Such protection from serious injury is supposed to be provided through the peril-point and the escape-clause provision of the bill. These provisions in H. R. 1 are the same as were carried in former legislation.

The peril-point and escape-clause provisions are rather technical and cumbersome, but I will try to state simply what they are and how they are supposed to work.

The peril point provides that before any reduction in a tariff rate on a specific product can be made, the President must obtain the advice of the Tariff Commission as to the point below which it believes a reduction could not be made without causing or threatening serious injury to the domestic industries producing the product. Such a point, designated by the Commission, is the peril point.

Should a tariff concession in any trade agreement made by the President under this legislation result in serious or threatened injury to a domestic industry, the concession may be withdrawn or modified in accordance with a provision known as the escape clause, which must be included in every agreement.

To use the escape clause, any interested party, by petition, may request the United States Tariff Commission to make an investigation and report to the President whether or not a concession has caused or threatened serious injury to a domestic industry.

To date, the use of the peril point, and the escape clause, has not provided the mechanism whereby domestic industries and workers have been sufficiently protected.

Since the institution of the escape clause in 1948, there have been 59 applications for relief to the Tariff Commission. In 15 of these cases the Commission found injury, or the threat of injury, and so reported to the President. In just five of these cases has the President taken action. These were: Women's fur felt hats and hat bodies, October 30, 1950; hatters' fur, January 5, 1952; dried figs, August 16, 1952; alsike cloverseed, June 30, 1954; watches, movements, and parts, July 27, 1954.

Among serious criticisms of the present "escape clause" provisions are the fact that proceedings before the Tariff Commission are lengthy, involving exhaustive hearings, and are often too expensive, especially for smaller industries. And further, the Commission may reach a decision on other evidence which was not presented in the hearings, thus not giving the interested industries an opportunity of rebuttal. And further, the domestic industries have no appeal from the findings-of-fact of the Commission, nor are such findings conclusive or binding on the President.

Yesterday, during consideration of the rule, I supported the attempt to amend the rule to permit amendments to H. R. 1, in a hope of strengthening the necessary protective mechanism of this legislation. I sincerely hope that under the rule permitting amendment only by the Ways and Means Committee, that action will be taken to correct these deficiencies. I will support any such amendment.

Over 3,000 American workers at Pittsburgh Plate Glass Co., Crystal City, Mo., have the specter of unemployment hovering over their families because plate glass importations have risen alarmingly in the past few years. The plate glass industry, which is so vital to the economy

of Jefferson County, gets a greater adverse impact from foreign imports than do many other industries.

According to a report prepared by the Department of Commerce, the importation of plate glass in 1937 was 2,060,000 square feet. This figure has risen to 26,876,000 square feet by 1953. Yet, exports of this product, which totaled 3,281,000 square feet in 1937, has increased to only 15,961,000 square feet as compared with 26,876,000 square feet of plate glass imports in 1953.

If this trend persists, what is to become of the American plate glass industry? What is to become of the tens of thousands of glass workers and their families throughout the country? Will they, in the words of a high Government employee, "have to go South in the winter"? These are questions that are a burning issue with these affected workers.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. McCARTHY].

(Mr. McCARTHY asked and was given permission to revise and extend his remarks.)

Mr. McCARTHY. Mr. Chairman, in my opinion the consideration of this bill has suffered because of extreme statements made by both those who support it and by those who are opposed to it. The problem of trade arrangements, we must acknowledge, is an extremely complicated one. Those who oppose this measure and those who seek to modify the trade program are, I am sure, as sincere in their intentions and as concerned about the general welfare of our nation as those who support the program. I do not believe that we should approach it by distinguishing its supporters as men concerned with the national interest and its opponents as men from groups worried about some particular product or some particular segment of their industry in the manner of Mr. Charles Taft before our committee.

The extremist opponents of reciprocal trade state that it will ruin the American economy. On the other hand, supporters of the bill in some cases have made statements which, in my opinion, attribute greater power and significance to the trade program than it deserves. President Eisenhower, for example, has said that "if we fail in our trade policy, we may fail in all. Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved." Other members of the administration spoke in a similar vein. The same tone prevailed in statements by the Administration's Committee on Foreign Economic Policy and the Committee for a National Trade Policy. The passage of H. R. 1 is neither a great threat to American industry, nor is it a final answer to international economic problems.

"Trade not aid" was a widely used slogan in the campaign of 1952 and has been continued in use since the election of that year. Through the use of this slogan and accompanying statements, the impression was given that the mutual assistance and aid programs previously carried out under the Democratic administrations were somehow unjustifiable,

if not unnecessary, and implied also that a trade program was a possible alternative. As a matter of fact this was not the case. The economic conditions of the nations of Europe in the immediate postwar years were not such as to permit the exchange of commodities of equal value. The labor forces of these countries were severely reduced. Much of their livestock had been destroyed and their whole agriculture set back. Their capital goods, machines, and factories were in many cases destroyed and generally worn out. These nations could not engage in international trade by exporting surpluses since, except for a few commodities, they had no surpluses. What they needed was not trade opportunities, but an aid program such as was provided. The economies in most of these countries has improved to a point where the aid program can be reduced. This is not true in every case. A slogan "Trade and aid" would better describe what is needed in international economic policy today. Countries such as India, for example, do not need foreign markets for their goods in any absolute sense, for India's present production is wholly inadequate to meet the potential needs of its own people. India does not need technical advice—there are Indian engineers and technicians—so much as it needs capital goods to make a reality of the plans of these engineers and technicians.

Certainly, to the extent possible, it is desirable that we receive a fair return for what we export to other peoples. I think it is true to say also that the people of foreign countries and their governments prefer such an arrangement to one in which we give to them direct aid.

In these past 20 years in which we have had a reciprocal trade program, particularly in the period since World War II, there has occurred what has been described as a revolution in world trade. There has been a reshuffling of the commodities being imported and exported by the different nations and areas of the world. The days when the United States and Europe were mutually interdependent are gone. The fact is that the European nations, as well as the Japanese, now export goods which we no longer want to buy and which in fact compete with our own products. The advantages for the most part are relative ones resulting from the fact that one nation or the other may be able to produce particular articles more economically than the other. This duplication of products by the United States and the countries of Europe existed even before World War II. Commerce in that period was principally through the medium of third countries: the United States selling in Europe; the Europeans selling in Latin America or Asia; and the United States in turn receiving such things as rubber, tin, coffee, and similar commodities from these countries.

In recent years even the so-called backward countries have pursued the path of economic independence and have made great strides toward achieving such independence. The development of industries in other parts of the world has altered trade patterns and to

some extent has driven us economically apart from our allies, particularly in Western Europe. Yet while we have been separated from our allies economically, we have become increasingly involved with them strategically in view of the threat of Soviet aggression.

The Secretary of Defense, Mr. Wilson, appearing before our committee, pointed out that it was a part of the administration's policy to establish abroad plants which would produce materials which are important in war and which are difficult to transport. The particular example he cited was that of munitions. As this principle is applied to other needs either by our own policy or by the policy pursued by allied nations, economic interdependence will be even further reduced. We cannot expect a trade policy to carry the whole burden of responsibility for carrying out the strategic demands of the day. Not all of our allies are able to bear in every respect a proportionate share of military preparedness. In some cases the most strategically located country may be the least able by virtue of the weakness of its economy to support defense facilities. In these cases, obviously trade will not solve the problem. On the other hand, an economically strong nation may not be so located as to be of particularly strategic value. In this case other arrangements and agreements are called for. The theme is mutual defense.

Trade policy must be a part of our over-all policy. In practice there have been indications that the Administration realizes this. However in public utterances and in declaration of program and policy, this fact has not been clearly admitted. There has been a tendency to publicly over-simplify the problem as well as the solution. The simple proposition of "Trade not Aid" is not adequate in the complexity of international economic and political relations today.

The tariff as an instrument of international trade control is not as effective today as it was 20 years ago. One writer has described the tariff as an economic "tank or artillery piece in the day of atomic warfare." The reduction of tariffs is not expected by economists to stimulate trade to any great extent. The English economist Julian Amery said that it is not at all "certain that Europe would greatly increase her dollar earnings even if the American tariff would be drastically reduced and simplified." Since the present bill contains no provision for any drastic reduction, it seems we must anticipate the limitations of its effects on international trade.

If the trade changes likely to result from putting into effect the program permitted by the passage of this legislation are not likely to have any significant effect on international trade, neither are they likely to greatly injure American industry as has been suggested by some of the opponents of this bill. The overall effect is likely to be slightly advantageous to American industry. In their testimony the representatives of segments of certain industries generally did not take into account the overall position of their industry in international trade. For example, the chemical indus-

try is producing goods at an annual rate of \$20 billion. For the first 9 months of 1954, exports were running at an annual rate of \$894 million excluding special military items. For the first 9 months of 1954, imports of chemicals were running at an annual rate of \$242 million. This import figure is just a little over one-fourth of chemical exports, and it is a very small fraction, as you can see, of the total production of the chemical industry. This total picture indicates that the United States chemical industry has fared well in international trade. Spokesmen from the electrical industry also opposed this bill. Again the record shows that the production of this industry reached seventeen billion in 1953; its exports were eight hundred million, and its imports slightly over \$50 million—approximately one-third of 1 percent of the total production and less than one-tenth of the exports of electrical goods and equipment. Similarly the cotton industry in 1953 produced 10 billion square yards of cotton goods, exported over 600 million square yards, while only 45 million square yards were imported.

If trade relations were so changed as to seriously interfere with the export of these goods, it is quite possible that former exporters as efficient producers would concentrate more intensely on the domestic market and that the position of some of the firms, especially those asking for tariff protection, would be even more seriously endangered by the intensified competition from other American producers.

The fact that the general evidence indicates support for this program does not excuse us from attention to the difficulties of industries which may be particularly hard hit. We must not subordinate considerations of social welfare and of the measure of stability in society to a purely economic question and consideration. Efficiency is not the only standard for the conduct of human affairs or of political affairs. When decisions with regard to international trade are made principally on the basis of national policy or international policy, a particular industry and the employees of that industry should not be called upon to bear the whole cost and to suffer all the consequences. But, rather, this cost should be borne by the whole of the American political community. It was not within the jurisdiction of our committee to consider all of the actions that might be necessary in order to provide an adequate program to take care of this difficulty. In my opinion, however, the administration should give attention to this problem and should propose a comprehensive program involving legislation in addition to the trade program. Such a program should include proposals for a more adequate unemployment compensation, reeducation of workingmen, relocation and rehabilitation of industrial areas, and encouragement of reinvestment in areas which have been particularly affected by international trade policy or by drastic changes within our own domestic economy. The need is for a comprehensive program which is adjusted to the needs of our own time. We have come to realize that we cannot

conduct our international affairs according to the methods of the last generation. I think that we should also realize that perhaps the reciprocal trade program which was good 20 years ago may be somewhat outdated today.

The greatest fear of Europe in recent years has not been over our trade policy, but rather over the state of our own economy. Statistics on international trade for the United States show that our foreign trade comprises about 7 percent of our gross national product. This percentage has held fairly stable despite the condition of recession, readjustment, depression, improvement, prosperity, or stability in our economy. Economists and business people alike are generally agreed that the best hope for an increase of imports and exports depends on the continuously expanding economy in the United States itself. Imports and increase of international trade would likely to be encouraged more from full employment and a nearly 100 percent operation of our American economy than from the passage of H. R. 1.

If we proceed from the best year to the second best year, and from that to the third best year or worse, international trade is likely to suffer despite any action to liberalize trade policy. The successful conduct of foreign policy generally and the American effect upon international economic affairs depends upon the health and vitality of our own economy. There is a danger that through progressive moderation we may get back normalcy. I will say that normalcy is synonymous with mediocrity. In times such as these our response must be, I think, somewhat above the level of the mediocre.

Mr. SMITH of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. McCARTHY. I yield to the gentleman from Mississippi.

Mr. SMITH of Mississippi. In respect to what the gentleman says about the possible effect of the bill on international trade, is it not possible that as a result of the action of the Congress this bill is changed so as to make it possible to more sharply limit the trade by increasing certain tariffs, there will be some check upon international trade as it existed without the possibility of increases in amount?

Mr. McCARTHY. I believe that the bill provides adequate controls and adequate checks to give the protection which is justified and demanded by American industry. There is no reason to believe, either on the basis of the language of the bill or the actual international trade situation that any great increase in trade will result.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Chairman, thousands of my constituents engaged in the textile industry are terribly concerned about what we do here today. Inasmuch as we cannot amend the bill under the closed rule, I am hoping that the recommittal motion will offer to that great in-

dustry, an essential industry, and its workers, some measure of hope and comfort.

(Mr. CANFIELD asked and was given permission to revise and extend his remarks.)

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 7 minutes to the gentleman from Illinois [Mr. VURSELL].

(Mr. VURSELL asked and was given permission to revise and extend his remarks.)

Mr. VURSELL. Mr. Chairman, I want to congratulate the gentleman from New York [Mr. REED] for providing a recommittal amendment that will come up later. I had hoped that we might go farther, but it appears that that is about the best solution and probably offers the best opportunity to bring some aid to distressed industries throughout this country.

I should like to take the very few minutes I have to discuss very briefly the effect on the independent oil industry that has come under our present program with respect to reciprocal trade. It is well known that we have not been able to get any relief, though we have tried for the last number of years. I should like to bring to the attention of this Congress the fact that about 90 percent of foreign oil is controlled outside of Russia by 5 or 6 of our big, major companies here in the United States; that they are devoting more attention to foreign oil now, with greater reserves, than they are to the domestic trade. So, we must rely more heavily on the independent oil industry of the Nation.

I should like also to point out that we have been trying to get a limitation of oil imports for a number of years. It might surprise the Members of the Congress to know that at the close of World War II we were importing only about 300,000 barrels of oil a day. The figure has gone up precipitately until we are importing 1,065,000 barrels a day and the major companies, all with their headquarters in the United States, have projected their figures for imports for the coming 6 months of this year to about 1,250,000 barrels of oil a day, an increase of over 400 percent. They have failed to cut back imports even though they have at times indicated they would do so. They will not cut back imports voluntarily in the future.

The result has been a compelled cut-back of local production monthly and yearly, for lack of consumer demand, and we shall have to continue to cut back and to cut back and to lay off hundreds of thousands of men, and at the same time taking away from the Federal Treasury many millions of dollars which otherwise would be brought in taxes into the Federal Treasury, if the independent oil industry of this country were permitted to produce and expand in a normal way.

I think the question of national defense has a very important place in our consideration. We know that at the beginning of World War II our reserves were greater, of oil above the ground and oil known to be ready for production, than they are today. We know

that the submarines then cut off much of the importation of foreign oil. We know that had we not been strong and virile in this country in production by independents, as well as by the majors, we would have been in very dire circumstances at that time. We are in a worse position today than we were then. The world is uneasy. We might be driven quickly into another world war. Then we would find that in the last few years we have been placing too great a dependence on foreign oil. We would find great swarms of submarines developed by Russia and other countries in cooperation with her sinking oil tankers greatly reducing and, perhaps almost cutting off from our country, the necessary oil and oil products that we must have. We know that the trucks and tanks of the Army, and the planes of the Air Force that will girdle the earth, and the ships of the Navy that will prowls the seas, if we get into another war, all necessary if we are to succeed, are powered by oil and gasoline. We know, in addition, that we have suffered a serious economic impact. For instance, in my own district—and I am speaking today for three States, known as the tri-State area—the situation is this. At the close of the war we were producing over 500,000 barrels of oil a day. Now, with an extended reserve, we are only producing about 250,000 barrels of oil a day. The rigs are being stacked. The men are being laid off. All over the United States, wherever we find a great oil-producing area, they are suffering from the same economic impact. And we are suffering from the same danger to our national defense if we should have the bad luck of finding ourselves someday thrust into another war.

We cannot say that this is a trade-instead-of-aid proposition, because two-thirds of the oil that is coming into this country is coming in large part from Saudi-Arabia, one of the richest nations per capita in the world; from Venezuela, which is a very rich nation per capita compared with ours. We cannot say that this comes under the trade-not-aid proposal. It is just as simple as that.

There are many other industries throughout the United States that need protection. We have found by experience that the escape clause has not worked sufficiently to give relief to those various industries that are in distress, when we have given away something like \$50 billion to help rehabilitate those countries and now they are in competition with us.

I think it is time that this Congress go as far as it can by adopting this recommittal motion and give some aid to our own people, rather than, after giving away \$50 billion, continue to give away our markets to foreign countries. I hope this body will approve the recommittal motion that will give some additional aid to domestic industries that are in distress.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 12 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

Mr. VAN ZANDT. Mr. Chairman, the opposition expressed by a great many members of this House to the gag rule now in effect on H. R. 1 reveals the feeling on the part of a great percentage of the American people that this legislation should be open for amendments.

I opposed the gag rule yesterday, and shall vote to recommit the bill. If the motion to recommit the bill fails, I shall vote against H. R. 1 on final passage because the interests of American wage-earners are not protected.

After all, it is only through appropriate amendments that the jobs of American wage earners can be protected.

As the printed hearings on H. R. 1 will show, a long list of Members of Congress as well as spokesmen for numerous industries appeared before the House Ways and Means Committee pleading that H. R. 1 be amended in order that relief might be provided to many of our basic industries which have suffered because of the unfair competition resulting from a flood of cheaply manufactured foreign goods.

Many Members of Congress who appeared before the House Ways and Means Committee in protest against the damaging effects on the jobs of American wage earners resulting from reciprocal trade agreements have supported the principle of reciprocal trade in previous Congresses but to use their own words—they could not continue to do so any longer unless appropriate amendments were adopted.

When I first came to Congress in 1939 I opposed reciprocal trade agreements on the grounds that they were destroying the jobs of coal miners in my congressional district in Pennsylvania. At that time, imported Russian coal had captured some of the eastern seaboard coal markets from coal producers in my congressional district.

During the early part of World War II and before resigning my seat in Congress to return to military service, I supported the extension of reciprocal trade agreements in the 78th Congress because we were at war and the demand for coal revived our coal industry.

When I was elected to the 80th Congress I voted in favor of extending reciprocal trade agreements with the understanding that American industries would be protected from unfair competition resulting from a flood of cheaply manufactured foreign goods.

For example, in Pennsylvania residual oil from Venezuela was beginning to flood the eastern seaboard, thus destroying the market for Pennsylvania-mined coal.

During the 82d Congress I voted to extend reciprocal trade agreements because there was contained therein the so-called peril-point amendment which was designed to provide a checkrein on imports that could destroy the jobs of American wage earners.

During the 83d Congress I joined many of my colleagues in an effort to stop the uncontrolled flow of foreign goods. Many of you will recall that we were sup-

porting the Simpson bill. My special interest was in regulating the flood of foreign residual oil by placing a quota limitation on the importation of such oil. As many of you will recall, the Simpson bill was returned to the committee.

During the early part of 1954 the so-called Randall committee was created and took testimony from spokesmen for industries adversely affected by the importation of cheaply manufactured foreign goods. I regret to state that the coal industry was denied the opportunity to present its side of the case. Consequently the Randall report ignored the increasingly serious situation existing in the coal-producing States of our Nation.

Mr. Chairman, by my votes as a Member of Congress there is ample proof that I believe in the principles of reciprocal trade agreements and that I supported them until I found a wholesale disregard for protecting the jobs of American workmen.

It became evident that the so-called peril-point amendment was meaningless and that the Randall committee merely performed a window-dressing job and actually by their recommendations threw American wage earners to the wolves.

Mr. Chairman, I voted against the extension of reciprocal trade agreements last year and I intend to continue to do so until the interest of the American working man is protected.

As a means of attaining the objective of protecting the jobs of American workmen, I have 3 bills pending before the House Ways and Means Committee, namely: H. R. 345, H. R. 864, and H. R. 3019.

H. R. 345 is designed to provide a 5-percent quota limitation on imports of foreign residual oil; while H. R. 3019 would increase the limitation to 10 percent.

H. R. 864 provides a permanent procedure for the adjustment of tariff rates on a selective basis and regulates the flow of imported articles on a basis of fair competition with domestic articles. H. R. 864 also contains a 5-percent quota limitation on imports of foreign residual oil.

Mr. Chairman, I am opposed to H. R. 1 because it will continue the disastrous effects on our economy by the reckless importation of foreign goods manufactured at a fraction of the wages paid American workmen.

For several weeks the House Ways and Means Committee has heard expert testimony from spokesmen for various industries regarding the adverse effects reciprocal trade agreements are having on our industrial economy. These experts produced facts showing that the employees of the industry affected not only lost their jobs but many of the manufacturing plants have been driven to financial distress, and in some instances were forced to close their doors.

Spokesmen for the coal industry told how the flood of foreign residual oil from Venezuela has destroyed the domestic coal markets of the miners in Pennsylvania, Maryland, and West Virginia.

Back in 1939 when I first voiced my opposition to the importation of slave-

mined Russian coal and other cheaply manufactured foreign products, I predicted that such a reckless policy would create ghost towns out of many communities in my congressional district and throughout the Nation.

Mr. Chairman, my prediction in 1939 has become a reality. Practically all of our deep mines in central Pennsylvania are closed and thousands of miners have been out of work for several years. In fact, many mining towns have been abandoned and their empty and dilapidated rows of houses stand as a monument to the destructive effects of the importation of foreign residual oil. Because they have nowhere to go, there are only a few of the unemployed in the coal fields of central Pennsylvania that have left the area. The result is that today, according to the United States Department of Labor, my congressional district is classified as a critical area because of the fact that nearly 18 percent of the civilian labor force is unemployed.

This unemployment is not confined to coal-miners but includes those employed in affected related industries such as the railroads.

Mr. Chairman, in my home city of Altoona, Pa., nearly 10,000 people are unemployed, 6,000 of whom are railroad employees with 4,100 of this number having exhausted their rights on January 10, 1955 to railroad unemployment insurance benefits. A similar condition exists among coal miners and others who have lost their right to unemployment compensation benefits from the State of Pennsylvania.

Mr. Chairman, every community in my congressional district has an active committee engaged in trying to attract new industries and millions of dollars have been raised by voluntary subscription to finance this long-range program of rehabilitating the industrial economy of the area.

While this united community effort goes on, thousands of my constituents—all good Americans and victims of this reckless foreign-trade policy—are today dependent for their existence upon public assistance and surplus food commodities.

I regret that every member of this Committee is unable to talk to these unemployed Americans as they stand in line to pick up their food coupons. If it were possible for you to talk to them, you would hear the pitiful story of their plight as citizens of a nation that boasts of its high standard of living.

As I mentioned a moment ago, communities affected by unemployment in cooperation with the State and Federal Government are endeavoring to rehabilitate their economy by attracting new industries. The unemployment situation, however, is getting worse as mines continue to close and more miners and railroaders are losing their jobs.

While this unfortunate situation prevails in the United States, residents of Venezuela, which is the chief exporter of residual oil, are enjoying unbridled prosperity.

Let me read you excerpts from Hal Boyle's syndicated column of January 24,

1955, titled "Venezuela Seen as the Texas of South America":

So much money is being made here (Venezuela) that visiting Texans actually get an inferiority complex and the United States dollar feels like 50 cents. * * * The visitor has a dazed sensation he is caught in a mid-century Klondike gold rush. The atmosphere of quick money is overwhelming, and tales of riches made overnight are a Bolivar a dozen. * * * Venezuela is bigger than Texas and Oklahoma combined and larger than any European country except Germany. * * * Its chief income is from oil—no land except the United States produces more. * * *

Although the nation has a population of only 5½ million, the Government spent half a billion dollars in 1954 on vast public-works projects and still ended up with \$80 million left in the till. * * * Foreign investors from the United States and Europe are pouring untold millions into the industrialization of the country. It has taken in more than 100,000 immigrants from Europe the last 10 years. * * *

Caracas, the 388-year-old capital, is now one of the world's greatest boom cities. Fifty years ago milkmen herded cows through its ancient streets. Today they are jammed by thousands of new high-priced motorcars. * * * Nearly a million people live in the metropolitan area, and so many new buildings are going up construction workers have no time to even take Sundays off to go to the bullfights.

But the city has abysmal poverty as well as tremendous wealth. The shanties of the poor still crowd many of the raw red hills that stud Caracas. The Government has torn down thousands of these eyesores and replaced them with forty 15-story apartment buildings at a cost of \$24 million. Workmen can rent the apartments for \$6 to \$30 a month, own them after a period of 20 years.

In 1955 the Government plans to tear down 6,500 more shacks and spend \$25 million more on apartment projects for low-income workers.

Mr. Chairman, what a contrast it is to compare living conditions in Venezuela with the coal fields of Pennsylvania.

May I add that the prosperity enjoyed in Venezuela is to a great extent at the expense of the misery and suffering of residents of the coal-producing States of our Nation and especially of my congressional district.

At this very minute a quarter of a million ton tanker ship is tied up at an east coast dock carrying disaster to the coal, railroad and related industries of this Nation, in much the same manner as rat-infested vessels brought disease into our port cities in years gone by.

This foreign tanker with its bunker space filled with residual oil is dumping it in violation of every American concept of fair competition. As a matter of fact, even if the miners of our Nation would work for nothing and the railroads transported the coal for practically nothing, the coal industry could not compete with this unfair competition from foreign residual oil because its price is continually manipulated downward to capture the eastern seaboard coal market.

Mr. Chairman, it is being said in defense of residual oil that the oil companies have been requested to restrict voluntarily the amount of residual oil imported quarterly.

It has also been said that if any restrictions are placed on the importation of foreign residual oil that we will offend Venezuela.

Let me state, Mr. Chairman, that every time a coal miner loses his job because of the unfair competition from foreign residual oil a railroader has also been added to the list of the unemployed.

Mr. Chairman, those of us who represent coal-producing States recognize foreign residual oil as the archenemy of our industrial economy.

Therefore, I plead with you that H. R. 1 be returned to committee so that appropriate amendments can be adopted.

As far as I am concerned, it is about time we start adopting some of the policies foreign nations apply against us in protecting the jobs of their industrial workers.

Mr. Chairman, H. R. 1 without appropriate amendments will not correct the unemployment situation and afford the necessary relief to distressed industries and therefore I cannot conscientiously vote for it.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. EVINS].

Mr. EVINS. Mr. Chairman, during the last session of the Congress—the 2d session of the 83d Congress—when we were then debating and giving consideration to the bill to renew the Reciprocal Trade Agreements Act, I felt the occasion was ripe to quote an old saying which was this: "O, defend me from my friends; I can defend myself from my enemies."

The occasion for this remark, we may recall, Mr. Chairman, was the weak, inadequate and watered-down measure which the Congress was called to act upon in this regard—a so-called extension of the Cordell Hull Trade Agreements Act.

The bill which the Congress then reluctantly passed called for a 1-year extension of this great program for peace and international amity and prosperity. That measure was placed before the Congress by the President's own party leaders in the Congress and was in direct conflict with the President's own expressed wishes with regard to what was needed in a trade act. The compromise which was accepted by the President was forced on him. His friends, as we know, knew what was best—they did it their way.

It is a strange thing, in the political life of our Nation, that the President should only now be getting out of the committee the kind of trade bill he has always favored and advocated as necessary to the furtherance of our international relations and foreign policy. In this instance, his political adversaries have proved to be his friends—he has been put in the position of depending upon the Democratic Party to do what his own party would not do for his administration.

I may say to the President that the Democratic Party is glad to do it—inasmuch as the trade policy on which he has wisely set store is a keystone in the philosophy of the Democratic Party.

I am grateful for the opportunity to vote upon a measure which calls for extending this great act for a proper period of 3 years.

I will not go so far as to say that those who oppose this bill have taken a lesson from the Dark Ages—but some of the arguments which we have heard both on and off the floor and by the blizzard of propaganda leaflets which have almost flooded our offices remind us that some would turn the clock back to the days of McKinley.

History records that the Smoot-Hawley high-tariff act was passed in the 1920's—in the midst of world economic exhaustion following World War I. We then erected a Wall of China around our Nation to carry out the McKinley philosophy that we "sell everything and buy nothing."

This was assuredly a lapse into the ox-cart age—a tragic lapse we now know in viewing the havoc and wreckage of World War II into which the world was plunged from the depths of a worldwide depression and economic suffocation.

As a matter of practical fact, we know today, any businessman knows that it is not possible to achieve such a state of economic bliss as some would propose, namely, "sell everything and buy nothing." Trade is a two-way street—from the corner drug store to the largest corporation.

It cannot be all "gimme" and no give and take.

It is this philosophy, this belief, Mr. Chairman, in the necessity and importance of reducing tariff barriers and making trade a two-way street which served as the guiding principle in the life of Judge Cordell Hull, of Tennessee—the author of the reciprocal trade agreements program.

This great act is an immortal, living monument to my distinguished predecessor in Congress and the inspiration of many who strive for service in the Congress. No monument which Judge Hull erected for himself through his brilliant, tireless, and far-visioned efforts—including even his historic service to the Nation as Secretary of State during the Roosevelt administration during World War II—stands as a greater tribute to this statesman than the measure which we are called upon to extend today.

Judge Hull had the vision to foresee the modern concept of a world growing progressively smaller—a more closely allied and interrelated and that in such a world it was essential to break down the protective walls of high tariff that our Nation had erected. This wall was built up—high and unsurmountable, at first—to protect an infant American industry. It has taken many years to bring our Nation to the realization that trade, low tariff commercial intercourse between nations is in our Nation's best interest economically—and, more important, for America to realize, one of the greatest deterrents to war and one of the greatest promoters of peace that could be possible.

Judge Hull's vision foresaw peace without vast armaments—but through the means of friendly relations and friendly and peaceful and profitable trade between nations.

Some advocates, forgetting what we have already built in international amity through the means of friendly trade, argue that such a trade policy cripples American industry. Certainly, I cannot and would not support any measure that would do that—and I do not believe that there are any crippling features harmful to American industry and agriculture and our way of life in this act. I think the opposite is true.

I have the greatest confidence that American industry which turns out and produces the greatest products in the world can meet the competition from any source in the world and be stronger for it. Our Nation was not built on handouts and monopolies—but on competition which brought forth the best in the man and in our chosen way of life.

I believe that the quality of American products, the desirability of American products, the durability of American products—the ingenuity of the American producer—can not only keep our own domestic markets vigorous but create greater, more extensive markets in other countries.

Mr. Chairman, to clamp down restrictions of trade at this time of prevailing crisis and uncertainty and tension would be to slam the door in the face of a good neighbor—a neighbor who might one day be in a position to help one put out a fire in one's house.

We cannot deal in any such unfriendly, hostile, and provocative manner with our friends, or those whom we wish and need to have as our friends.

Trade barriers must be reduced and kept down. Let us sell our products abroad and make it possible for other nations to sell their products abroad. Herein is the answer to those nations who have not full assurance in their own minds of our backing and support in the dismal prospect presented by Communist propaganda. Full cooperation, economically, and militarily, is the answer to the problem presented by Communist imperialism.

This, Mr. Chairman, is the path to eventual peace. Herein lies our hope for lasting peace. Herein lies the hope of other nations—that they may engage in commerce with our great Nation and with other nations without unreasonable and insurmountable barriers—that they may have hope for their own industrial and agricultural development and progress.

Mr. Chairman, we must do nothing as a nation which deprives ourselves and other nations of our innate right to hope.

We must take those courses of action which promote peace, prosperity, and better understanding.

Trade is the international language. It speaks the words of peace and prosperity throughout the world. Let us extend this act and serve notice to the world that America's aim is still and always will be peace.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Utah [Mr. Dawson].

Mr. DAWSON of Utah. Mr. Chairman, during my two previous terms as a Member of this House, I have always

voted for the extension of the Reciprocal Trade Act. I was convinced then—and I still am convinced—that we must have a healthy foreign trade program not only for the prosperity of this Nation but for the prosperity of friendly nations overseas.

In voting for these extensions previously, I did so with some reservation, perhaps a "minimum of enthusiasm" would describe my feelings. But I always felt confident that if a trade agreement turned out to be in error, there was always the escape-clause proceedings to protect our domestic industries from serious injury.

My confidence in the efficacy of the escape clause, however, has been shattered by events of the past. Fifteen times the Tariff Commission has found that a trade concession was causing injury to a domestic industry. Yet, only in five of those cases has the President taken the corrective action recommended by the Commission.

Let me review the record of the past 2 years in regard to one of our vital domestic defense industries—the mining of lead and zinc.

Approximately 2 years ago, the House Ways and Means Committee opened hearings on a measure introduced by Mr. SIMPSON of Pennsylvania. His bill proposed a sliding tariff to protect our domestic lead-zinc mines which were in serious difficulty due to the dumping of foreign metals on the United States market.

This measure, moderate as it was, ran into heavy opposition from the Department of State.

Secretary of State John Foster Dulles told the committee that the Simpson bill was, first, contrary to our trade policies; and, second, unnecessary.

There is of course machinery provided by the present act which permits of relief in special situations of the kind you refer to. I see no reason why the industry that you have in mind should not have recourse to the provisions of the present act—

Secretary Dulles testified.

He was referring to the lead-zinc industry and the provision he recommended they take advantage of was the escape clause provision.

Thus encouraged by the administration, the industry sought relief under the escape clause provision. An application was filed and hundreds of pages of expert testimony were taken in hearings before the Tariff Commission. In April 1954, after nearly 9 months of study, the Commission rendered a unanimous decision to the President to the effect that the domestic industry was being damaged and relief was necessary.

From the reports I get, apparently the decision of the Tariff Commission was approved by all but one of the executive departments—the Department of State. Nevertheless, the State Department's views prevailed and the President chose the alternative of stockpiling. This alternative has not worked and the mines that are continuing to operate in this Nation are struggling for their existence.

Metal can be stockpiled. Mines cannot. They fill with water. Their roofs cave in. The miners reluctantly drift away. Exploration for new sources of metal ceases. This is happening with ever increasing frequency throughout the rich metal producing States today.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Pennsylvania.

Mr. SIMPSON of Pennsylvania. With respect to the matter of stockpiling of the products of the mines to which the gentleman refers, do I understand that imports of those materials increased in this time during which we have been stockpiling the metals?

Mr. DAWSON of Utah. That is correct, imports have increased, and I think I can explain to the gentleman why they have increased. The result of the stockpiling has been this: The Government took the newly mined domestic ores and put them into the stockpile, and that left a vacuum in the market which permitted the foreigners to move in and take advantage of the increased price that was made possible by the stockpiling.

Mr. SIMPSON of Pennsylvania. Then, in reality, our stockpiling, which many thought was for the purpose of helping the American producer, for the purpose of increasing the consumption domestically, and the keeping up of the American mines, redounded to the benefit of the foreign producer to an equal extent to which it helped the American producer.

Mr. DAWSON of Utah. The gentleman is correct. That has been the effect of it.

Mr. SIMPSON of Pennsylvania. Is it the gentleman's conclusion that stockpiling has been a solution for the lead-zinc situation in the West?

Mr. DAWSON of Utah. My opinion is that the stockpiling is merely a palliative which offered some temporary relief. At the time the announcement was made, lead went up 1¼ cents a pound and zinc went up 1¼ cents a pound, but zinc has never gone up one penny since that time, and the stockpiling program is just simply a stopgap movement. It offers no permanent relief for a sick industry.

Mr. SIMPSON of Pennsylvania. I thank the gentleman.

Mr. DAWSON of Utah. The net result has been to completely reverse the relative share of the domestic lead and zinc market supplied by American workers in American mines.

In 1949 the domestic lead-zinc miners had 62.2 percent of the total domestic market. By 1954 the foreign producer was supplying 61 percent of the metal used in the United States.

In H. R. 1, as reported from committee, we have a bill that not only continues the President's broad power to negotiate trade agreements but expands it. No provision is made in the bill to strengthen the Tariff Commission's hand in escape-clause proceedings.

The amendment to be proposed by the gentleman from New York [Mr. REED], in his motion to recommit should not be an onerous requirement. It appears

to me that it is at most a minimum strengthening of the escape-clause provision. The President still will have the right to overrule the Commission's findings if he believes such action is necessary for the national security.

I had hoped that this amendment would be stronger and I proposed that the Congress, not the President, be given final authority to decide what action if any should be taken after the Tariff Commission finds that a trade agreement entered into by the President is putting a domestic industry out of business. Instead of reporting its findings under the escape clause to the President, under my proposal the Tariff Commission would report to Congress and in the absence of a majority overriding vote by either House the findings would become effective at the expiration of 60 days.

It is not good government to have a man sit in judgment of himself.

If an industry can convince the Tariff Commission that it is being injured by an agreement negotiated by the President, the recommendation of the Commission should carry all the weight we can give it legislatively within the framework of our Nation's security.

I will support H. R. 1 with the inclusion of the Reed amendment. But I cannot vote to expand the power of reducing tariffs—and by extension of the power to export jobs of affected industries—without providing for the concurrent strengthening of the Commission's decisions in escape-clause proceedings.

Without this minimum protection for the Nation's working people and businesses, I cannot support this broadening of the already broad powers of the executive branch of the Government.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. SMITH].

Mr. SMITH of Mississippi. Mr. Chairman, it is unfortunate that the full debate upon this important measure cannot be heard by all the Members of the House who will be called upon to vote on this issue in a few minutes. I realize that about half the Members of the House are out in the corridors being buttonholed by the various lobbyists who are working for the recommittal motion.

Mr. REED of New York. Mr. Chairman, would the gentleman yield?

Mr. SMITH of Mississippi. I yield.

Mr. REED of New York. In answer to that I will say to the gentleman that he can go right out here and find his registered superlobbyist, Mr. Taft, working on his people.

Mr. SMITH of Mississippi. I think any comparison of the number of lobbyists involved in this fight will show, if it is made by any fair-minded group, that the lobbyists on the protectionist side outnumber the people on the other side by about 1,000 to 1; and the funds involved would be about 100,000 to 1.

As to the amount of pressure put upon one individual Member of Congress who has only one vote, I can only say as to my own personal experience that it has been something like this and on those people where there has been an oppor-

tunity to influence a vote one way or another, the number has been even greater.

TEXTILE INDUSTRY

As to my colleagues in the Congress from the Southern States and from some of the New England and Atlantic Seaboard States, there has been great pressure on behalf of the textile industry to provide some type of protection in this bill. I thought, after hearing these stories about the textile industry's hardship, that practically every textile establishment in the country was on the verge of bankruptcy and that their situation must be desperate. So I picked up the current issue of the U. S. News & World Report a couple of days ago and I found there a list of American industries showing how they will prosper in 1955. And what did I find heading the list of industries that will prosper in 1955, in this very conservative publication of business, but the textile industry; a statement that textile profits will be higher than that of any other business in the country in 1955. I submit that the textile industry is working a fraud upon the Congress of the United States and upon the people of the United States in the exorbitant claims that have been made in this regard.

I think this matter should be brought to the attention of the House, because a lot of us have been so gullible as to accept the statement that the textile industry is in dire straits. Something is wrong. Who is telling the truth about this situation? I do not believe that the U. S. News & World Report is an unreliable magazine on business matters. It has been proven correct year in and year out. It now states that the textile industry of the United States is not merely prosperous, but that it will be the most prosperous industry in the United States for the coming year. Does that industry need protection?

I have been especially interested in the attitude of some of my good friends in the debate on this matter, and I have been sorely disappointed in the attitude of some of my friends from the South who have taken the position that they are going to defend the poor, starving textile industry which, according to this report, for the coming year, will be the most prosperous industry in the United States.

CONSUMER INTEREST

I have also been interested in the viewpoint of some of my friends who, 3 or 4 years ago, when we were fighting the battles of the OPS and OPA, from California and Pennsylvania and Rhode Island and some of the New England States, fought, bled, and died to protect the consumer, to save the consumer from an increase in the price of any product even one penny.

Yet when we come down to this great issue where the consumer has the greatest stake, where the decision will decide the price levels of the products involved, we find that the consumers are being deserted by those friends they had a few years ago in the fight between the producers and the consumers.

The gentlemen who have been protesting the provisions of the bill today as it stands have, every one of them, made the

protest because they say the bill will enable people to buy cheaper goods than what they are able to buy now. In other words, if you vote to weaken this bill in any respect you are going to increase the price of goods that some consumer has to pay. Do not forget that.

HARDSHIPS

We have had a lot of questions here today and a lot of talk from everybody about the dire hardship that exists in certain districts. I know dire hardship exists from unemployment in the various parts of the country, in Pennsylvania, West Virginia, the lead and zinc mining areas, and various other parts of the country. I know what that hardship is, because I think that in the district I have the honor to represent today we have the greatest percentage of unemployment in the labor force of any congressional district in the United States. In my congressional district today a very conservative estimate has been made that there are perhaps 60,000 unemployed. That is a greater percentage of unemployment, I am sure, than has been mentioned by any person making a hardship complaint here today.

Why are these people unemployed? They are not industrial laborers, who have a chance to draw unemployment compensation. They do not have any type of thing to draw on except a surplus commodity ration distributed by the United States Government, due to the fact that we are in a drought condition and also due to a lack of markets for the products we produce.

MORE TRADE NEEDED

These people are unemployed because there is no market for the commodities from which they make their living, and from which those people have been making their living in that manner over a hundred years. Ours is a far longer established industry than any of the others that are making claims of hardship today.

They are unemployed because their export market has been diminished. That export market is not there because the countries we would normally want to trade with are not able to have enough trade with us in other lines of business to pay for the commodities we produce.

We have hardship not because of any liberal trade policy but because our trade policy is by no means liberal enough.

RECOMMITTAL NO ANSWER

We have had a lot of talk today about the motion to recommit to be offered by the gentleman from New York [Mr. REED] which I am sure was designed with the idea that it will offer the most to everybody here. If you will look about a little bit, I am sure any one of these lobbyists we have been discussing can offer any one of us assurance of all sorts of help in whatever we are interested in in connection with that motion.

Let us look again at the situation in 1951, when a similar motion was offered. At that time everybody promised that it would solve everybody's problem. It did not solve the problems. The motion here today is not going to solve those problems. It is going to make it harder

for us to solve the problem of carrying on a trade policy, but that is as far as it will go. It is not going to give any benefit to any industry that has a basic interest in prospering through the overall prosperity of the United States.

We have had criticism after criticism in the discussion on this bill of action taken in regard to Tariff Commission recommendations.

AFRAID TO CRITICIZE THE PRESIDENT

But I notice all of my friends here when they criticize this action, they blame it on the State Department or somebody like that. Why not blame it on the man who takes the action—the President of the United States—President Eisenhower. I think he did perform his duty properly in making the rulings that he did, but I think in the interest of fair politics when a Democratic President is involved, you said it was President Truman who did something or President Roosevelt or whoever it was who was involved. I think in your criticisms of the action being taken on the findings of the Tariff Commission, it is only fair that you should criticize the President of the United States and not these various executive departments. The action is taken by the President of the United States, signing a piece of paper, and it is his individual responsibility. I do not question whether he should be criticized for something else, but do not try to shift blame to the State Department.

This overall issue is important beyond this matter of individual hardship in each congressional district. It is important, and I believe part of the importance is reflected in the suggested recommitment motion that is going to be made. We are asked to make mandatory that a finding shall be put into effect if there is a finding of hardship with regard to any industry. We are asked to overlook the national interests, and I think our duty and our responsibility as Members of the Congress, when we take the oath of office, is to act in the national interest. If we here today put into effect legislation which says that the interest of one particular industry is more important than the national interest then we will be failing in our duty. We would be violating our oath of office if we changed the present escape clause or peril point provisions of the bill with only the thought of some special interest. The bill provides that any such decision can be overridden in the national interest, and not that such a decision has to stand merely because it in some way makes competition a little bit tougher for one particular industry.

FREE ENTERPRISE?

You gentlemen on my left pride yourselves as the representatives of the political philosophy of free enterprise. I think I pride myself too in that respect, but why are you not standing up today for fair competition—for competition? This is what we are asking for—we are asking for any competition. If free enterprise means anything, it means competition. What you are asking for is not competition, but for a subsidy which is taken right out of the pockets of the people

even more so than under a so-called Brannan plan or under socialized medicine or anything else. Competition is something that is the basis of the good, old historic American tradition. But you are saying here that it is all right to subsidize business and to subsidize the profits of industries that today have the greatest profit potential of any other industry in the country, but you do not want to do anything to help the American consumer in this regard.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. LANHAM].

(Mr. LANHAM asked and was given permission to revise and extend his remarks.)

Mr. LANHAM. Mr. Chairman, I am somewhat surprised at my rotund and usually jolly friend and colleague from the South, Mr. SMITH from Mississippi I cannot quite understand what has gotten him so wrought up and excited unless he is afraid we are going to recommit this bill and provide some protection in it for our industries which are really threatened and get it in shape so that we can vote for it. I think I know the trouble with him. You know he is an author. He has just written a book called the *Yazoo*. Was it the psalmist or somebody in the Old Testament who said, "Oh, that my enemy would write a book"? Well, our friend has written a book, and I understand it is a fine book. But you know he is one of these cloud riders, these idealists. You know he would ride in the clouds if he did not weigh quite so much.

Mr. SMITH of Mississippi. Mr. Chairman, if the gentleman will yield, would he allow me to point out that the book which is published by Rhinehart and Company may be obtained at any book store for \$4.

Mr. LANHAM. I am glad to give the gentleman's book a boost. You know our good friend, the gentleman from South Carolina, Dick RICHARDS, at one time accused our lovable friend, Brooks HAYS of being a cloud rider. He said he rode down to his office every morning on a cloud. I defended Brooks on that charge, and I think I was right. I said, "Brooks did have his head in the clouds where the winds of God's truth could blow upon him, but had his feet firmly planted upon the ground." Because of the vote of my good friend, the gentleman from South Carolina [Mr. RICHARDS] I am almost convinced that his long and distinguished service on the House Committee on Foreign Affairs has made him into a cloud rider and stargazer.

Now my friend from Mississippi [Mr. SMITH] is one of those idealists who can write a book, but he is an idealist, and he has no idea of the practical matters involved in this idea of free trade. He does not have his feet on the ground.

I have always been a free trader. When I first came out of school I had been reading Adam Smith and some of those economists who believed in free trade and a free market. I still believe we have got to work toward that end; but, my friends, we just cannot get our-

selves into it suddenly and without regard to the realities involved.

Now, so much for my friend from Mississippi. I am glad that all of his delegation are not cloud riders, and they have their feet firmly on the ground, and I am sure they are going along with us in trying to make this bill one that will protect our threatened industries.

Mr. Chairman, at the very outset, I want to make it clear that I do not oppose the principle of expanded foreign trade as involved in H. R. 1, though I do oppose its present form. I want also to pay tribute to that great Tennessean, Cordell Hull, for his vision and farsightedness in first suggesting the reciprocal trade agreements principle and bringing it into successful operation. Now another great Tennessean is carrying forward the work begun by his illustrious predecessor. The gentleman from Tennessee, Mr. JERE COOPER, is my warm personal friend, and I am proud of him as a southerner and one who is obsessed with an idea and an ideal that in itself is sound. Furthermore, I have no criticism of the Rules Committee for sending this bill to the floor of the House under a closed rule though I tried on yesterday, unsuccessfully, to get the rule amended.

It is well and good to have ideals and to pursue them for, as the Scripture says, "Without a vision my people perish." Vision and idealism we must have and I am sure that the idea of expanded trade with other nations is a sound one if properly applied and administered.

Keeping one's head in the clouds as one follows an ideal is splendid but at the same time the cloud rider and stargazer ought to keep his feet on the ground and come down from the mountaintop and out of the clouds on occasion to get again the vision of those who must plod along life's weary way. As I recall the story of the transfiguration, the three apostles who went up to the mountaintop with the Great Teacher were so enthralled and entranced with the vision they had seen that they wanted to build a tabernacle and dwell forever with the Master on the mountaintop. In all the history of mankind there has, of course, been no greater idealist or follower after the gleam than the Christ, yet he was too wise to accede to the wishes of His apostles and leave them to dwell forever in the rarefied atmosphere of the mountaintop. He brought them down from their exalted position to get their feet on solid ground again for He knew that they must live among men and develop their vision and test it by the realities of human existence.

Today I implore all of you who are obsessed by the magnificent vision of free and untrammelled trade to come down from the mountaintop and modify your vision by present-day realities.

What I am trying to say is that I have always supported the principle embodied in the reciprocal trade agreements program although I have realized that many problems arise in connection with its administration. It has, in the past, been my belief that the peril point and escape clause provisions in the act protected our American industries and their employees

from a reduction of the tariff below a point at which the industry could continue to operate profitably.

There is no doubt but that in the past, tariff rates have been so high that the American consumer was plundered for the benefit of a few great corporations who, protected by such tariffs, made inordinate profits. It must be remembered, however, that our reciprocal trade program has been in effect now since 1934 and that our tariffs have been gradually reduced over the years so that there is no longer the question of the plundering and exploitation of the consumer for the benefit of the producers in America.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. Gladly.

Mr. DAVIS of Georgia. I wish to compliment the gentleman on the splendid talk he is making and I want to join him in stating that we do need further protection insofar as the peril point provision and escape clause are concerned. We just heard the gentleman from Utah [Mr. DAWSON] point out that out of 15 times when the Tariff Commission recommended action in only 5 instances was action taken. The gentleman from Georgia is certainly correct in his conclusions on this subject. I want to concur in those conclusions, and thank the gentleman for the splendid talk which he is making.

Mr. LANHAM. I thank the gentleman very much and appreciate his contribution.

I was just about to say that my friend from Mississippi is living in the past. I do not know whether he writes history or not—he probably taught history and he is probably living it again, living back in the days I have just been talking about when tariff rates were far too high and protected industry so it could make inordinate profits. But we have left those days; we have come a long way since those days and our tariff rates have been reduced to the point where our industries have now grown—the big industries—so that they do not need protection, and they do not want it.

The truth is that our huge corporations who used to profit by the tariff are now exporters and need world markets in order to dispose of the products they manufacture. For this reason, we see now the huge industries such as the automobile, iron, and steel companies supporting the lowering of our tariffs; for they are so efficiently operated and need foreign markets so badly that they do not fear competition from abroad. So that now it is the small manufacturers of America who are being adversely affected by the reciprocal trade agreements policy. It is now a struggle between the huge mass production industries of America and the smaller producers.

I am deeply concerned about the textile industry which, while in the aggregate is a massive industry with investments involving over \$8 billion, is nonetheless made up of small individual components. This industry is now threatened by the negotiation of a trade agreement with Japan which would further reduce the tariffs on textiles. Previous

trade agreements have already imposed tariff reductions on about 91 percent of the industry's production. The cuts have averaged about 37 percent. On many individual items they have amounted to as much as 50 percent.

The proposal to further lower the tariff on textiles includes such a comprehensive list that it leaves one with the conclusion that the entire cotton textile industry of the United States is regarded as potentially expendable.

Tariff concessions on synthetic yarns are also proposed and constitute another danger. The competitive effect would be to compel the cotton mills of the United States to switch from cotton to rayon. This would sound the doom of the American cotton farmer as well as of the cotton manufacturing industry.

I want to point out right here that no other major industry is to such an important degree exposed to the potential sacrifice considered for the cotton manufacturing industry.

The argument is made that the great mass-production industries of the United States are so much more efficient than foreign industries as to be able to compete without difficulty with foreign producers. Consequently, we should expect that the articles proposed to be considered for tariff reduction would include the products of the huge mass-production industries. Such is not the case, however. For instance, the great iron and steel industry comes under "Schedule 3—Metals and Manufactures of." Here we find listed thumbtacks, needles, nail files, surgical and dental instruments, shotguns and pistols. Also included are bicycle bells which is all that is left of the bicycle industry in America.

And so it goes. An examination of the various schedules will show that in the huge mass-production industries few reductions in the tariff are proposed, whereas, among the products of the smaller industries a long list of items is included.

It is significant that the labor unions representing the huge industries of America, who are now exporters and to a large extent dependent upon the export trade, favor the further reduction of our tariff, whereas, the unions representing the employees of the small corporations are opposing this reduction which would result in the extinction of those smaller industries.

As I say, I appear before you not in opposition to H. R. 1, so much as to express to you the concern I feel about the textile and other small industries of America. As I have already told you, the tariffs on cotton textiles have already been drastically reduced so that the average tariff rate is now, I believe, approximately 22 percent. Any further reduction in the tariff rates, I am convinced, would mean the extinction of the textile industry. Wages in Japan and in other Asian countries that would flood our country with textiles are notoriously low. In Japan the average wage is 13.6 cents an hour, just about one-tenth the wage scale in our American industries. At this point it is worth noting that at the very time we are proposing to enter into a trade agreement

with Japan to lower the tariff on practically the entire range of cotton products as well as synthetic yarns, the proposal is made to increase the minimum wage from 75 cents to 90 cents or \$1. This I favor and am told by leaders in the textile industry that even marginal producers can pay the 90 cents minimum wage and manage to survive provided the tariffs are not further lowered. But to raise the minimum wage and at the same time to lower the tariff schedules with the resulting flooding of the American market with goods made by low-paid foreign labor would destroy the textile industry.

It is a well-known economic fact that the textile industry has for the last few years been in a highly depressed state and is only now beginning to recover. To further reduce tariffs at this time would be a shock to the industry which I believe it could not survive.

Statistics have been brought to you to try to make it appear that imports of textiles from Japan and other favored nations are insignificant. I warn you that these figures which in the aggregate may be accurate are nonetheless deceptive. It illustrates the old saying that figures do not lie but you had best watch the figurer. I know those who have quoted them on the floor believe them to be true and to support their contentions. It is those who have supplied them who are responsible for their misleading nature.

In the first place, the imports that have been coming from Japan are in the staple goods including the countable cloth goods which compete with only a segment of the entire textile industry. Moreover, the figures quoted to try to show that imports are insignificant are for the year 1953, whereas, during the year 1954, especially the last quarter, these imports increased in geometrical proportion and indications are that the same increase will take place during the present quarter of 1955. The result is that instead of being 1 or 2 percent of the competent American production of textiles, they really amount to from 10 to 20 percent of such competent American-made goods.

I warn you that if this bill is adopted without amendments that will strengthen the peril point and escape-clause provisions, the State Department is all set to expend the American textile industry when it meets in Geneva during the spring of this year with the other members of GATT to negotiate a new treaty of trade with Japan. My recollection is that we have never won anything at the conference table at Geneva. Our memories must be very short if we do not have in mind what occurred there only last year when our representatives at a conference there took a back seat and washed their hands of the whole matter of Indochina while "Sonny Boy" Anthony Eden and Mendes-France surrendered Indochina to the Communists. Now Mr. Dulles and the bright-eyed boys of the State Department go back to Geneva to enter into an agreement with Japan with proposals to permit that country to increase its exports of cotton goods and other textiles to the United

States in return for some imaginary benefits that we may get from keeping Japan from trading with the Communists. Of course, Japan is going to trade with the Communists in spite of all we can do. It is just a natural trade area and market for the cheaply made goods of Japan.

And lo and behold, we are told the President must have the power which would be given him in this bill to further lower tariffs at the rate of 5 percent a year for the period of 3 years. This, in addition to the power he already has and which he proposes to exercise or which Mr. Dulles and his boys propose to exercise for him at Geneva this spring.

But it is said the President has exhausted his authority to give away our American markets. He seems to be in the position of a man playing strip poker who has lost everything but his undershirt and must have a pair of shorts and possibly a pair of socks that he may gamble some more with the welfare of the small manufacturing enterprises of our country. If Mr. Eisenhower, himself, were doing the trading, possibly he might save our undershirts and shorts and socks but can we expect that much of the kibitzers from the State Department who are playing the game for him?

To come down to cases, let me say plainly that the trouble with our present law which is to be greatly expanded by H. R. 1, is that the peril point and escape clauses as now embodied in the law are wholly inadequate to protect American industries threatened with extinction by too drastic tariff reductions.

Of course, I do not believe that the Congress should again undertake the tremendous task of writing tariff laws. Yet, I do find it difficult to explain to the textile workers of my district why I cannot be of much help to them in their fight for their jobs. Very wisely, I think, we have set up a Tariff Commission supposed to be composed of men skilled in the problems that must come before the Commission and learned in the matters with which they must deal.

Yet, we are no longer willing to trust the Tariff Commission to perform the duties imposed upon it by our tariff laws and by the Reciprocal Trade Agreements Act and have permitted the President and his advisers in the State Department not only to disregard the recommendations of the Tariff Commission but actually to deny the truth of the findings of the Tariff Commission on the peril point and escape clause cases. It is inconceivable, but the fact remains that the boys in the State Department have set up a committee called the Joint Committee on Reciprocity Information whose purpose and authority is to furnish facts to the President to contradict those found by the Tariff Commission to exist so as to enable the State Department to ignore the recommendations of the Tariff Commission.

Naively I supported the Trade Agreements Act in the past because I believed the peril-point and escape-clause provisions were adequate and thought that their administration would be such as to protect industries threatened with extinction but the record does not bear

out my belief in the adequacy of these provisions or rather that their administration would be effective.

Consequently, I cannot vote for the extensive powers granted the President in H. R. 1 unless these peril-point and escape-clause provisions are made really effective to protect threatened industries. A motion to recommit will be made, I believe, with instructions which will contain a provision that will make the recommendation of the Tariff Commission controlling in the administration of the peril-point and escape-clause provisions. Apparently this is the only chance we will have to get this bill in shape so that some of us who favor the reciprocal-trade program in principle can vote for it. Surely even the most visionary and idealistic among you would not want to pursue the ideal of free trade if you realized that such a course meant the destruction of many of the small industries of America that are so vital to our continued prosperity. These industries just cannot compete with the low-paid labor of Japan and other Asiatic countries. Here is your chance to make certain that the provisions in the present law intended to protect such industries are made really effective. How can you afford to vote against the motion to recommit, the real purpose of which is to make sure that these industries are protected from a flood of cheaply made goods that will flow into this country to compete with our highly paid American workers?

I ask your serious and thoughtful consideration of this entire problem which is truly a dire threat to the textile industry, the plywood industry, and the barites industry of my district as well as many similar small industries located throughout America and probably in your very own district.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. BASS].

(Mr. BASS of Tennessee asked and was given permission to revise and extend his remarks.)

Mr. BASS of Tennessee. Mr. Chairman, I have listened with a great deal of interest to the debate on this subject by Members on both sides of the aisle. It was not my intention to come to the floor to make a political speech; but after listening to the remarks of my colleague the gentleman from New Jersey [Mr. KEAN], a Member on the other side of the aisle, I am prompted to express an opinion that was conceived after the 83d Congress and the recent campaign, then again after observing the action taken on this floor yesterday and listening to the tirade of some of the opponents of this bill. I must say that I am firmly convinced that the Republican Party is making a "political sucker" of the President of the United States. Yes; they took a heroic war record, a winning personality, and a pleasing smile and parlayed it into a position in the White House. Yet in the Congress of the United States, when the President comes here and recommends his first domestic issue, the very men who were out campaigning less than 6 months ago and having the big billboards spread

about that "Ike Needs Joe Bloak" come on the floor of the House, take his first recommendation, and try to not only wreck it but the welfare of our country as a whole.

Mr. Chairman, it gives me a great deal of personal pleasure to come on the floor of the House and indorse this bill which extends the Reciprocal Trade Act. Being a Tennessean, I am proud of the reciprocal trade program. It was conceived by a fellow Tennessean, a great statesman, Mr. Cordell Hull, a man who served this Nation of ours longer as Secretary of State than any other individual. Then, again, on the floor of the House today this bill is being sponsored by another great Tennessean, my distinguished colleague, the chairman of the great Ways and Means Committee [Mr. COOPER]. Therefore, as a Tennessean, it gives me a personal pride to have the opportunity of speaking on behalf of this great piece of legislation.

Mr. Chairman, I have heard on several occasions today that this bill destroys the interests of the working people; that it destroys the free-enterprise system of industry. Well, nothing would displease me more than to have to come on this floor and do anything to injure the welfare of the working people of America. Yes; I have industry in my district. Through misapprehension and being misinformed about the intent of H. R. 1, they oppose it strenuously. But I do not believe that it will hurt any industry in America today. It merely gives us the opportunity to trade with other nations. We cannot ask for the privilege of sitting down and negotiating an act or peaceful treaty with any nation in this world of ours if we do not extend to them the opportunity of trade. That is nothing more than an extension into the other parts of the world the good-neighbor policy that my distinguished fellow Tennessean, Cordell Hull, extended to the Western Hemisphere when he was Secretary of State.

I have heard here today the American workingman being made the whipping boy on this floor by opponents of this bill. I have been surprised to see some of my colleagues on the other side of the aisle come down and raise their voices in behalf of the workingman of America when we all know that some of these very people, when legislation is introduced on the floor of the House in the interest and for the advancement of the cause of the working people of America, are the ones that work against and shout the loudest against legislation which is for the interest of the working people.

I have also heard much talk about the escape clause today. Well, I, as a freshman Member of this great body, wish that it would be possible for us to have an escape clause in every piece of legislation that has some political significance. Yes; nothing would please me more, but there is no escape clause today. This bill is in the interest of the free economy of our Nation. Therefore, we must stand up and be counted and on this day show the world that the wisdom of this House will be upheld and that we will extend to the other nations of the

world the privilege of trading with America.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. Flood].

Mr. FLOOD. Mr. Chairman, I, as most of you know, have spent most of my time that I have been in this House since 1945 trying to point out to you members of this committee that there still remains in the United States a coal industry. Now, the only time that the House has seen fit in the last 10 years to say a kind word to me about the coal industry of America is when war breaks out, and as soon as the shooting starts, then every man in this House wants to open the door for me to be sure that I am well fed, to be sure that I am in good health, and that I will come up here and do all I can to tell them about the coal industry of America, because, as you know—and I have been here through two shooting wars with you—within 24 hours after the first shot is fired you are going to be on a coal fuel potential. Now, you know that. I am not down here trying to be impertinent or presumptuous or to lecture my colleagues on this committee. Every word that I say you know well. You have been through it with me. And yet, you are laboring under the impression that if, God forbid, war breaks out, as it well might, before I sit down, everything will be perfect with the coal industry—now, I have only got 5 minutes and it could happen this afternoon; the President of the United States has on his desk an Executive order, prepared at the direction of the Congress, made a number of years ago, all ready for some clerk to hand to him to sign, which will restrict and in most cases eliminate the gas and oil fuel potential in this Nation. And that could happen 10 minutes from now.

I should like to say this. Nobody in this committee is more reluctant than I to say what I am going to say, but when I first came here, I served on the Committee on Foreign Affairs; I went from the Committee on Foreign Affairs to the Appropriations Committee and served on their subcommittee for the Department of State. All of my experience here has been in the field of foreign relations, foreign affairs. I have never cast a vote against any legislation which in any way dealt with the matter of establishing more favorable foreign relations—not one vote. My vote today will be my first of that kind. I cannot take any more. This House has treated the coal industry like a stepchild.

There has not been an agricultural bill, a bill before this House since 1945, when I became a Member of the House, to subsidize or support the agricultural economy of this Nation, that I have not voted for. I voted for everyone without exception, and yet when I come here and ask this committee to do something, not on a question of tariff, but on a question of an import quota on Venezuelan fuel oil, this committee turns its deaf ear. I should like to see a little reciprocal trade in this committee and in this House. All of the reciprocal trade that I have seen has been one way as far as the coal industry of this Nation is concerned.

Many of my colleagues, especially my Pennsylvania friends—and I see several of them here—have always supported the reciprocal trade bill starting in the old days. I stand here reluctantly to say that we feel we have been discriminated against badly. We feel we have been treated improperly. We feel we have been ignored. And within 200 miles of where I stand today, on the threshold of this Capitol, under their feet back home and at your doorstep is the greatest fuel potential remaining in America—coal.

So, Mr. Chairman, I find myself unhappy in this failure to hear from you, and I must record myself now, as I shall when the roll is called for the motion to recommit and, I am sorry to say, I shall vote against this bill.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. Gross].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, it is interesting and pleasing to note that some of the mist has been cleared from the eyes of many of the Members of this House and especially some of those from along the eastern seaboard. I only hope that it will continue to clear away, and when we get to the foreign giveaway bill, and especially the offshore procurement features of the foreign giveaway bill, all the mist will have by then evaporated and they will support some of the rest of us in cutting that proposition down to size.

Mr. Chairman, first of all, I want to compliment the four members of the House Ways and Means Committee who signed the minority report accompanying H. R. 1. They are to be highly commended for the clarity of their dissenting views and I support the position they have taken.

I am sure everyone in this House would say that he or she is opposed to importing a depression into this country but that is the hand engraved invitation that will be extended if this legislation is approved.

Imports right now are at the highest level in history, and have already caused great injury in several areas of our domestic economy. Countries in all parts of the world are becoming industrialized for the first time. Business is booming in almost every country in Western Europe. Many have passed prewar levels.

These nations will demand greater and greater trade concessions from the United States, and from past performance, will be able to convince our State Department that we must accept more and more of their products. By reason of this, the potential of further harm to additional segments of our economy is enormous.

I, for one, am fed up with the propaganda emanating from the free traders in the State Department that it is the duty of the United States, allegedly the richest nation, to give more and get less in return than any other country; to give and give until our standard of living is reduced to the level of the rest of the world.

This Nation did not grow strong and did not become the greatest constitu-

tional republic in the world on this premise. We built our standard of living on reasonable tariff protection.

I am equally fed up with the State Department propaganda which portrays the United States as the culprit primarily responsible for world restrictions on trade. This is ridiculous. United States tariffs actually are lower now than during any other period in our history, and we have made sharper reductions in our tariffs than have most other industrial nations. They average only 5.1 percent of the value of imports. We have had a 68-percent reduction of the 1937 average.

Compare that with Great Britain, which has bitterly attacked United States tariffs, low as they are, British tariffs average 25.6 percent of imports, which is 20 percent above the 1937 average. In other words, the British scream for us to reduce tariffs, and yet increase their own.

And the British admit there will be no reductions. R. A. Butler, British Chancellor of the Exchequer, has been quoted as saying:

We expect some improvement in their (the United States) trade practices before there is any question of lowering our barriers any further or indulging in any further non-discrimination.

The only way we could make the British happy would be to remove all tariffs. That is their idea of a reciprocal trade program.

Actually, there is nothing reciprocal about our trade program. Instead, it has been a program of give, give, and give some more to appease our so-called free world friends, and we have received little or nothing in return.

In addition, these nations have used many devices to restrict our exports—by the use of import quotas, currency restrictions, state trading, monopolies, barter deals, and cartels. And the record shows that the use of these devices by other countries has increased during the so-called reciprocal trade period.

As an example, Great Britain has agreed to admit, on a trial basis only, the grand total of 650 automobiles from the United States. However, duties and taxes bring the price of an American-made Chevrolet on the British market to about \$6,000. What a great concession our British friends have made in our direction to the cause of expanded world trade.

The truth of the matter is, no nation has been prevented from selling to the United States because of our tariffs. American tariffs have been reduced in some instances as much as 75 percent. Today, the United States is among the lower seven countries in average tariff rates. In what position does this place us when attempting to gain concessions from other countries? We don't have much bargaining power left.

If other nations feel they cannot compete for sales in the American market, when our tariffs have already been drastically cut, and after we have handed them billions of dollars, then something else is wrong.

In attempting to sell the American people on the merits of free trade, the advocates of such a scheme have come

up with any number of sweet-scented slogans.

Back in 1937, it was "world peace through world trade." Then along came World War II. In 1943, they told us our trade program was an "acid test of our future intentions respecting the peace." In 1951, they told the American people that we must "reduce worldwide barriers to international trade." By then plenty of American blood was being spilled in Korea and the peace slogan was out of the window. In 1954, they employed the slogan, "Trade, not aid." This year, they tell us the program is necessary for the "containment of communism."

That is a good one, "Containment of communism." The free traders in the State Department tell us it is the duty of the United States to allow more and more products from slave-labor nations to enter this country, even at the expense of American industry, labor, and agriculture, because it is an effective way to win friends and influence people.

We all believe in containing communism, but how is this to be reconciled with the fact that we are allowing millions of pounds of pork to be imported into this country from Communist Poland, and at a time when our own farmers are receiving less and less for their hogs.

I call attention to the fact that the average price for barrows and gilts at Chicago on February 4 of this year was the lowest since April 1950. The average price for all swine at Chicago on February 4 was \$9.11 per hundredweight below that paid a year ago.

And when we look at the import figures for pork products, we see that in 1952, the United States imported \$6,888,000 in hams, shoulders, and bacon from Poland. In 1953, the total had shot up to \$10,546,000. During the first 9 months of 1954 only, imports of these products from this Kremlin-controlled nation amounted to \$11,366,000 or more than the total figure for the entire year of 1953. But in that same first 9 months of last year, we permitted to come into this country from Communist Poland a total of \$14½ million worth of various products, \$11,366,000 being pork products. In the same 9 months, we shipped to Poland \$1,286,000 of our products. In other words, we shipped these Communists \$10 million of our money. And that is called reciprocity.

We shipped these Communists American dollars in return—almost nothing in the form of American products.

Is this the State Department's idea of containing communism through expanded world trade? I wish someone would step forward and explain to me how you contain communism by pouring millions of American dollars into the coffers of a Communist nation—dollars to be used to purchase war materials from some of our so-called free-world friends.

The majority report accompanying H. R. 1 says on page 7:

The main economic impediment to an expanded foreign market for our own production is the shortage of dollars on the part of friendly foreign nations.

What evidence does the committee have on which it based this statement? To the contrary, the Department of Commerce reports foreign countries received so much material help from various types of American business and foreign aid, in the period 1950-53, that these countries had a surplus, over and above what they purchased from us of \$7,800,000,000 which has been added to gold and dollar assets of the foreign countries.

And according to a report in the New York Times, the Secretariat of the General Agreement on Tariffs and Trade has under lock and key a study showing that foreign countries, far from being short of dollars, are actually pouring their own investment funds into what they believe is the politically secure United States capital market. In a recent Geneva dispatch, the Times says that the report contains so much dynamite that it is highly unlikely the study will be published as an official paper.

There is no question that the State Department is aware of the contents of this secret report. Why has not the information been released to the general public? It could have an important bearing on our discussions here today.

Of course the reason is obvious why the State Department would not want such a report made public. It would no doubt serve to explode the myth that a huge dollar gap exists, and would reveal how ineffectual United States tariff cutting is as an approach to world trade problems.

I am one Member of this House who is convinced that Congress must repossess its constitutional responsibility to regulate the foreign trade of this country.

We have had 20 years of the trade-agreements program as shaped by the State Department hierarchy which is guided by considerations of international politics rather than by a concern for our domestic economy. In that 20-year period we have suffered almost every ailment the program was ballyhooed to prevent.

Cordell Hull, to whom belongs the dubious honor of being the father of the program, asserted it was an emergency measure to deal with a dangerous and threatening emergency condition. That was back in 1934. The time is long overdue for this emergency measure to be given a quiet burial. And let the free-traders mourn its passing.

Mr. Chairman, in closing I want to call attention to one of the planks in the platform adopted by the Republican Party at its 1952 convention. I'm not consulted on the size and shape of these planks but a few of my Republican colleagues are and I want to remind them of the pledge they planked down to the public. I quote:

Our reciprocal trade agreements will be entered into and maintained on the basis of true reciprocity, and to safeguard our domestic enterprise and the payrolls of our workers against unfair import competition.

The bill before us today contains no assurance that trade agreements will be entered into and maintained on a basis of true reciprocity. In fact, the word "reciprocal" is mentioned only once in

the entire bill. Neither does it contain any provision to safeguard our domestic enterprise and the payrolls of our workers against unfair import competition.

The only decent and effective answer to this most vital problem is legislation providing for tariffs, that represent cost of production differentials on all imported products which are in adequate or surplus supply in this country.

Mr. Chairman, the bill before us today is a dangerous piece of legislation. It is not in the best interests of American industry, labor, or agriculture, and I have no choice but to vote against it.

Mr. BOGGS. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina [Mr. DORN].

Mr. DORN of South Carolina. Quite a few references were made yesterday to John C. Calhoun. I hope the gentleman from Mississippi [Mr. SMITH] is on the floor, because he said something about John C. Calhoun turning over in his grave, finding all this opposition to these reciprocal trade agreements. It is my honor to represent in this House John C. Calhoun's old congressional district, and I would like to commend to the gentleman from Mississippi [Mr. SMITH] a book by Clarence M. Wiltse, in which he characterizes John C. Calhoun as a great nationalist. In fact, the title of the book is "John C. Calhoun, the Nationalist, 1782-1828." During this period of American history John C. Calhoun was Secretary of War and a Member of this House, and during that time he advocated a high protective tariff. Why? To protect the infant industries of this country, so in case of war America would not be dependent upon some foreign ally for its utensils of war.

I rise here today not as a member of the legal profession, although I have a very high regard for that profession. I am not a lawyer-farmer. I stand before you today as an active farmer, living at Route 1, Greenwood, S. C. My father, my grandfather, and my great grandfather grew cotton in that section of South Carolina. Who buys most of the cotton produced on the cotton farms of South Carolina, Georgia, Mississippi, and the other States of this Union? I tell you today, the men who buy most of that cotton are the textile manufacturers of the United States of America. They buy 70 percent of the cotton grown in California, Texas, and throughout the length and breadth of this country. I say to the gentleman from Mississippi, which he probably does not know, that it is the Cannons of North Carolina, the Haynes of North Carolina, the Springs, Abneys, and Selfs of South Carolina, the Fall River men in Massachusetts who buy his cotton on the Delta in Mississippi, and not the textile people of Japan, India, or some other foreign manufacturer of cotton. I defy him or anyone else to repudiate the facts in this case. Let me say again, 70 percent, or more, of the cotton grown in the United States is purchased by our own textile manufacturers.

In the interest of the American cotton farmer, who is it that we should protect first? The manufacturer in

Japan, in Germany, Italy, or England, or should we protect the men who really buy the cotton grown on the farms in this country? Of course, our first obligation should be to protect that man who buys our cotton. Last year Japan imported 2,400,000 bales of cotton, 800,000 bales of which were imported from the United States. Less than one-third of the raw cotton imported by Japan was imported from America.

So under any reduction of the tariff on textiles, finished cotton goods coming back into the United States from Japan will not be made from cotton grown by the cotton farmers of the United States but by the cotton farmers of Mexico, Egypt, Brazil, or somewhere else in the world. Therefore the American cotton farmer is being misled when he is told that our importation of Japanese textile goods is greatly benefiting him.

I want to call to the attention of these gentlemen who have argued so eloquently yesterday and today for the reciprocal trade agreements that in 1933, the year just prior to the adoption of the Reciprocal Trade Act the cotton farmers of America exported—listen to this—exported 8,300,000 bales. Remember, gentlemen, that is the year immediately prior to the adoption of the reciprocal trade agreements.

Since reciprocal trade went into effect in 1934, did our cotton exports increase? No my friends we exported less cotton and have had to resort to acreage controls. After 19 years of reciprocal trade what was the true picture?

In 1952 how much cotton did we export from the United States? 2,800,000 bales. Mind you this was the year America was giving foreign countries the money to buy our cotton. There is the story for the farmers of America, not just cotton farmers only—that is the real true story for us all to see. I rise here today as a farmer pleading for the farmers of this country who have been misled by this high-sounding phrase, "reciprocal trade," just as they were fooled by the phrase, "a war to end all wars," and by the phrase, "a war for democracy." This is just another one of those one-world star-gazing phrases. The real effect of the reciprocal trade agreements policy, as has been demonstrated, has been to hurt many of the farmers of the Nation, and is threatening the textile worker, the coal miner, the fishermen, the glass worker, and many others with unemployment and distress.

The great textile industry of America is operating today on a very narrow margin of profit. After taxes on each sale dollar there was a profit in the third quarter of 1954 of only 1 percent. In the average American industry the profit was 4.4. Any reduction whatever in the tariff on Japanese textile goods will result in curtailment and unemployment among textile workers in this country. The textile worker has worked and struggled hard for his standard of living. He must not be thrown in direct competition with skilled labor in Japan being paid 13 cents per hour. Our textile industry should not be placed at the mercy of textile labor in India receiving 9 cents per hour for its labor. The textile

worker, the farmer and all related business will be seriously threatened if the State Department succeeds in camouflaging its plans in the form of this bill.

Mr. Chairman, I want to address myself for a moment now to the argument we have heard time and again that American industry has the know-how, the technology, and the skill to out-produce Japan. Let me tell you something: The average textile worker in Japan can tend to more looms in a textile plant and do it just as efficiently as our textile workers in the United States. Japan is a nation that with a little more strategic materials might have conquered the world. Remember, that the greatest battleship ever built was one built by the Japanese during World War II. The Zero was a pretty good airplane too, I might say to the gentleman from New York.

We talk about Japan. They have the greatest pool of skilled labor outside of the United States itself. With her industry destroyed during World War II, she had to rebuild. Her textile plants today are the most modern in the world, and they can and are producing as efficiently as any textile mills in the United States; in fact, the effect of this kind of legislation will be to give the Japanese textile industry a shot in the arm. Within 3 years they will come back to this country and say, "We need a still further reduction of the tariff. If we do not get it we will go communistic."

I came here today to tell you the truth, and not mislead you with phony optimism about our ability to cope with a growing streamlined Japanese textile empire. I saw 16,000 Japanese skilled workers at the Tachitawa Airbase, and the American general in command told me they were among the most skilled workers in the world. All you had to do was to show them a blueprint of a machine they had never seen before and they could fix the machine to perfection.

We talk about outproducing a nation like that with 13 cents an hour labor. Why, Mr. Chairman, these one-world proponents are willing to destroy the industry of this country in the false hope of buying foreign friends.

One other thing that may astonish you. A man came to my office week before last. He was forced by circumstances aggravated by reciprocal trade to close a plant in this country built with RFC money, a brandnew plant built indirectly with your money to make cotton bagging. He closed it 6 months ago. Two hundred and twenty-five employees are idle. He built a plant in India, which he told me is already in operation. There he probably gets labor for 9 cents an hour. He is importing the cotton bagging right back to America and is selling it through the same distribution points as he did the bagging formerly made in America. That, Mr. Chairman, is the story.

He said, "I did not want to do this. I would rather run my plant in the United States and give employment to Americans, but I will have to go where I can make a reasonable profit."

This and similar conditions are resulting from the fantastic dreams of the one-worlders, and the do-gooders. They want

one world currency, and no tariff; they want world trade regulated by the United Nations. The earnest desire of these textbook idealists is to whittle away the constitutional power of the American Congress. If and when our sacred Constitution is destroyed and the unemployed and bankrupt American people finally stand before the despotic commissars of the United Nations we might well look back upon this day as the beginning of the end. Let us stand up today and recommit this bill back to the Ways and Means Committee. Let us retain our power under the Constitution to regulate foreign trade and levy a tariff to protect our people. This House should resolve today to surrender no more of its power to the President, the Supreme Court, or any agency of the evermore centralized Federal Government.

Mr. COOPER. Mr. Chairman, I yield 15 minutes to the gentleman from Louisiana [Mr. Boggs].

Mr. BOGGS. Mr. Chairman, the gentleman from South Carolina and some of the others who have spoken in opposition to the President's program have used the terms "do-gooders," "one-worlders," and they have left the implication and the impression that this is a program unanimously opposed by American business and American agriculture, one destined to wreck our shops and our farms, and having the support of no one except people who are interested in the development of other areas of the world.

Let us take a look at the record. In the first place, this program was recommended by the President of the United States. Testifying in support of the program were practically all of the members of his Cabinet, the Secretary of State, the Secretary of Agriculture, the Secretary of Labor, the Secretary of Commerce, and the Secretary of Defense. Those are just a few.

Who speaks for business, agriculture, and labor in the United States? Who generally does? Well, normally, the United States Chamber of Commerce, the American Farm Bureau Federation, the National Grange, the National Farmers Union, the American Federation of Labor, the Railroad Brotherhoods, and the CIO. What position do they take?

Let us take a look at the American Farm Bureau Federation. The gentleman from South Carolina would have you believe that all the farmers are opposed to this program.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from South Carolina.

Mr. DORN of South Carolina. I am a member of the Farm Bureau, I am a member of the Grange, I am a member of practically every farm organization the gentleman has mentioned. I know of my own personal knowledge that this issue has not been voted on at the grassroots level down in South Carolina. These national leaders do not always represent the little fellow back home.

Mr. BOGGS. Is the gentleman saying he speaks for the American Farm Bureau Federation and the National Grange and the National Farmers Union, or does he represent them?

The president of the American Farm Bureau Federation said:

Our wheat, cotton, tobacco, soybeans, feed grains, rice, and animal byproducts and certain fruits and other products are among the most efficiently produced in the world. Our exports of farm products have run as high as \$4 billion in 1951-52. They accounted for roughly one-third of our production of wheat, cotton, rice, and soybeans. This provided a market for the produce of more than 1 out of each 10 acres of cropland. This amount was equal to \$1,000 for each commercial farm.

Does that sound like do-goodism?

Now, the National Grange. Maybe it is a do-good organization. I do not know. You know, it is a funny thing about this word "do-good." I hear people using that phrase "do-good" all the time. Well, I do not see why that is such a bad thing to call a man. Suppose you call him a do-badder. I just wonder what a do-gooder is. Some say when you want to say something real bad about somebody you call him a do-good.

Mr. DORN of South Carolina. All I am trying to do is to do good by the farmers and the textile workers of the district that I represent.

Mr. BOGGS. I am certain the gentleman is, and he does a splendid job.

Now, the National Grange. What do they say?

There is no single segment of American economy that has greater stake in achieving the objective of a sound United States economic position and policy, which would provide the basis for a constantly expanded level of trade in the world on a profitable basis, than has American agriculture.

The National Farmers Union in effect says the same thing.

Now, let us take a look at the American worker. I do not claim to speak for any of these groups, but I am citing people who do claim to speak for them. Well, certainly they would not occupy the position they occupy if they did not speak for them.

What does the CIO say about it?

The United States cannot pick and choose and deal only in the items that we need to import and export. Instead, the United States must engage in gradual, continual, and, in many instances, reciprocal reduction of the barriers to international trade. Reciprocal trade is essential for the maintenance of production in many of our own basic industries and equally essential for the preservation of sound international relations with our allies.

I do not know whether that is a do-gooder talking.

Take the American Federation of Labor. Maybe it is a one-worlder. I do not know, but here is what they say:

We are mindful of the fact that a significant number of American workers are employed in industries facing foreign competition. We are definitely concerned lest the trade-agreements program operate to deprive these workers of employment opportunities at their present trade or occupation.

At the same time, we are equally mindful that many American workers are dependent for their employment on American exports or on the handling, transportation, or storage of imports. In 1952, the Bureau of Labor Statistics estimated that the employment of 4,376,000 American workers depended on foreign trade.

Let us take business for a moment.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. Well, the gentleman should bring out the fact that we pumped about \$100 billion into Europe in the last 10 or 15 years, and the question is now, if we discontinue these foreign-aid programs or these giveaway programs, whether or not they are going to continue to buy American merchandise.

That is a question, too, that will not be determined until the foreign-aid programs cease. But it has been American money pumped into the economic and industrial life of Europe that has been responsible for these heavy export programs that have been going on.

Mr. BOGGS. I would say to the gentleman that within the last several years the number of dollars coming from various mutual programs used in foreign trade with this country has been steadily reduced so that as of today it is about 15 percent as compared with as much as 70 percent at one time.

One of the main objectives of this program is to make it possible for the other nations of the world to trade without any additional foreign-aid appropriation. That is one reason I stand here in support of this program now.

Mr. GROSS. Mr. Chairman, will the gentleman yield at that point?

Mr. BOGGS. I yield to the gentleman from Iowa.

Mr. GROSS. I wonder how much the CIO packinghouse workers got out of the \$11½ million worth of canned ham and bacon that was shipped into this country in the first 9 months of the last year.

Mr. BOGGS. I do not know the answer to that question. But if the statements made by the gentleman are correct, I say that it demonstrates the position of an organization taking the national point of view rather than looking at one specific situation and using that in order to completely wreck a program vital to the national security. As a matter of fact, in all of these matters you must expect some sacrifice in behalf of the national interest. Nobody will deny that there must be some sacrifice somewhere down the line in all of these matters.

Now, what did business say about this? Let us take the United States Chamber of Commerce. I do not believe that is a one-world or a do-gooder bunch. Here is what they said:

Through increased trade, the Nation's economy benefits. That is true just as much in world trade as in domestic trade. More goods at lower prices has been the very heart of the American competitive-enterprise system. The trade-agreements program can contribute to the health of that system.

I think it is pretty generally established that this program has sound, substantial support from sound, substantial people all over the United States.

The issue before us today is whether or not we are going to adopt a motion to recommit which will be offered by my distinguished friend from New York and which is printed in the CONGRES-

SIONAL RECORD out today. Let us analyze that motion to recommit, for a moment, before we each make up our minds and decide whether or not we are going to vote for it.

Let us first analyze it from the point of view of coal. It has been the contention of the spokesmen for coal that the only relief or benefit to it will be by an imposition of import quotas. This motion to recommit does not permit the imposition of import quotas. It has no bearing upon that situation whatsoever. From the point of view of the representations which have been made in respect to coal this motion will be of no benefit whatsoever to those gentlemen.

Looking at it from the other point of view—that is, what it does do, what its implications are—they are very far-reaching indeed, and do not let anybody tell you otherwise. This motion, if adopted, will change the entire concept of the power of the President of the United States with respect to negotiating these agreements. I am not a bit sure that it will not cut across existing agreements. It will establish the Tariff Commission in a role in which it has never been established before. It will make the decisions of the Tariff Commission absolute and final except in a case involving national defense. National policy, national interest, economic policy, effect upon other segments of the economy, upon other sections of the country, all of those are eliminated.

What we are saying is this, that we will no longer trust the President of the United States to administer this program. Someone said, and I believe it is in the report, that a few weeks ago we passed a resolution in which we trusted the President of the United States to determine when and if and under what conditions he would send the young men of this Nation to war involving Formosa, but today we are saying that in a matter involving a tariff concession or in the negotiation of a tariff treaty we will not trust the President of the United States.

As I said on yesterday, I find myself in the role of defending the President's program, and I do so because I think the President is eminently correct. I have done it under Democratic Presidents and I am very happy to do it with a Republican President.

If you adopt this motion to recommit, and somebody writes to you and says, "Are you for reciprocal trade?" please be honest enough to write back and tell him, no, that you felt that it had gone too far, it had lasted too long, and that on February 18, 1955, you voted to end the program, because that is what you are going to do if you adopt this motion to recommit.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, I made my speech on this floor 3 or 4 weeks ago on this matter, and I did not expect to speak today, but I feel impelled to clear up some of the things and some of the misrepresentations that have been made on this floor today.

Charlie Shuman, president of the Farm Bureau, comes from my State. I know him well. He did say that there were \$4 billion worth of exports of farm products in 1952, but his attention was called to the fact that \$5 billion of farm imports were made in 1952, giving the foreign farmer a billion-dollar advantage over the American farmer.

Charlie Shuman also said in 4 or 5 different statements in his appearance before us that he wanted the escape clause strengthened. He said, "This has been too much of a one-way street." That has not been brought out. In the motion to recommit that is what we expect to do, strengthen the escape clause, say that when a majority of the Tariff Board says, after due examination, that injury has been done, the President must do something to correct and alleviate that injury unless the national defense is impaired; and Charlie Shuman would be for that. There is nothing wrong with that, and that does permit the 100 or 120 Members of this House whose industries have been affected to go back home and say, "Well, we did change the rules. We have made it sure now that if you can make your case before the Tariff Commission you can expect to have your injuries corrected." Then, there is another thing about this matter of trusting the President. Let me ask you this. Would any of you farmers in this audience, would any of you people who run an industrial plant hire the best doctor in Washington to go out and run your farm or to run your industry? Why, of course not. You would hire him to take care of your medical needs or surgical needs, but not for something else. When we hire the greatest military expert in the world, of course we trust him in military affairs. Of course, we trust him on the matter of Formosa. Of course, we believe he knows what he is doing there. We have faith in him in that field. But on this matter of dealing with foreign nations and trade restrictions, that is a different question. He does not do that. We give him the power to do it, but he delegates it to the State Department. When we do not trust the State Department, we cannot give the President the power to do this. For that reason, I say I trust the President of the United States in military matters but not in these other matters, in which he never has had 1 minute of actual experience in handling, and, as a result, he must depend upon outside advice.

The CHAIRMAN. The time of the gentleman has expired.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. ZABLOCKI].

Mr. ZABLOCKI. Mr. Chairman, for the first time in the 6 years that I have had the honor and privilege of serving in this body, I find myself in agreement with the gentleman who preceded me when he said that he had no intention of speaking because I, too, had no intention of speaking on this bill. After that agreement, that is where our agreement ends.

I am moved to take this time to answer a few of the charges or allegations made during debate that those of us

who are for the continuation of the reciprocal trade agreements are less patriotic and less considerate of their districts than those who are opposed because of certain interests in their districts are fearful that there may be foreign competition.

The legislation before us, providing for a 3-year extension and modification of our reciprocal trade agreements program, is one of the most vital measures that will be considered by this Congress. This legislation is of utmost importance to our own Nation and, in a larger sense, to the entire Western community. In my sincere judgment, the passage of this bill would serve our interests. It is my hope, therefore, that the bill will receive prompt and overwhelming support from the membership of this body.

The entire issue of our foreign economic policy has often been obscured and beclouded by arguments steeped in emotional prejudices, and in fear of injury. Many of our businessmen, under fire from foreign competition and urged by proponents of liberal trade to leave their tariff-protected shelters, have feared hardships and found it difficult to believe that, in the long run, they too, would benefit from freer world trade. Some of them have held steadfastly unto the doctrine of protectionism not out of any stubbornness, but simply because they were genuinely afraid that the reduction of import barriers would bring hardship to their firms, and to the people employed by them.

The fact is that tariff reductions are bound to adversely affect certain numbers of American firms and their employees. This is the entire point, the basis of the argument that international exchange of goods and services benefits all participants. Tariff reductions are worth striving for simply because we assume that there are some products that other countries can make better and cheaper than we can. By reducing our tariff barriers, we make it possible for those goods to enter our country and thereby we help to stretch the purchasing power of our consumers' dollars.

On the other hand, there are many products which we can make better and cheaper than the industries of other countries. If this were not the case, we could not have exported over \$16 billion worth of goods and services in 1953, and a similar amount last year. These exports produce income for our workers, and income for our industries and for our agriculture.

If we, therefore, look at the overall picture, we must come to the conclusion that foreign trade is beneficial both to our Nation and to our friends abroad. If this were not true, there would be no foreign trade: each country would merely try to become self-sufficient and trade as little as possible with its neighbors.

The question that remains to be answered, then, is how many American firms and workers would be hurt by tariff reductions, and how much. Secondly, we must evaluate those potential hardships in terms of the overall benefit of freer trade to our economy and to our national security. Thirdly, we must try to find some ways of assisting those

American firms and workers who may be subjected to hardship because of tariff reductions.

Let us briefly examine these three questions, and see if there are any answers to them.

In the first instance, let us turn to the issue of how many United States firms and workers would be hurt by a reduction in our tariff barriers, and how much.

In his excellent and informative study of the probable impact of free trade on our domestic industries, entitled "Aid, Trade, and the Tariff," Dr. Howard Piquet, of the Library of Congress, estimated that the suspension of all United States import duties would have increased imports in 1951 by a maximum of \$1.8 billion—which amount was equivalent to less than 1 percent of our gross national product.

Using some of Dr. Piquet's figures, the Randall Commission, appointed by President Eisenhower to study our foreign trade policy, came to the conclusion that a 50-percent cut in our present tariffs might displace the total of 100,000 United States workers.

More than twice that number of our workers are laid off every month in the United States, even in periods of rising employment, and most of them find other work without any prolonged delays.

While the above-cited estimates do not purport to be more than informed guesses, and while this particular subject requires further attention and study, it would appear that a moderate reduction in our tariff rates—such as that envisioned in the bill before us—could not be expected to produce the drastic results forecast by some ardent protectionists.

Now let us turn to examine the potential effect of the extension of the reciprocal agreements program, and of moderate reduction of our import tariff rates, on the overall economy and security of our Nation.

Fortunately, much has been written on this subject, and the issues involved have received thorough study over a number of years. The Draper report, the Harriman report, the Paley report, the Bell report, the Randall report—these are but a few recent documents which state clearly that the liberalization of our foreign trade would be in the best interests of our national economy, and of our security.

In addition, there is a wealth of information and evidence in support of this conclusion that has been gathered by the League of Women Voters of the United States, the National Farmers Union, the National Federation of Business and Professional Women's Clubs, the National Foreign Trade Council, the National Grange, the United States Junior Chamber of Commerce, the United States Council of the International Chamber of Commerce, and many other civic, professional, business, and labor organizations.

All these reports and studies lead to this conclusion: the growth and expansion of our economy, and the well-being of our people, can be greatly furthered by our continued efforts to promote the liberalization of trade within the West-

ern World. They also point out that the economic strength and unity of the free world may well depend on the way in which we shall face this issue: if we choose to maintain trade barriers between the free countries, and if we exclude the products of our allies from our markets, we shall be driving them to trade with the Communist bloc. We shall be thereby undermining the very foundations of western unity which we have been trying to build up with so much effort and sacrifice.

Mr. Chairman, this brings us to the third point of this discussion: since the overall interests of our Nation demand that we continue to work for the liberalization of foreign trade, what can be done to assist those particular firms and workers who may be seriously affected by tariff reductions?

There are several firms in my district, and in the entire metropolitan area of Milwaukee, which are confronted with serious foreign competition. There are other firms throughout the country which find themselves in a similar predicament.

Some suggestions have already been made that the Government extend interim assistance to firms and workers adversely affected by foreign competition, in order to aid them in the rechanneling of their productive facilities and energies into different fields of production. I earnestly hope that these proposals receive thorough consideration from this body, and that the most feasible and practical of them receives favorable action. I shall continue to work for early action on such legislation.

Before closing, I should like to bring up one more point:

Last year, acting on my request and with the full cooperation of my office, the Library of Congress conducted an important survey of the impact of foreign trade on the city of Milwaukee. The study was conducted under the general supervision of Dr. Howard Piquet, and the final report was written by Mr. Harold Lamar, both members of the Legislative Reference Division of the Library of Congress.

In the belief that this report would prove of great interest to Members of this body and to people throughout the Nation, I had inserted it in the CONGRESSIONAL RECORD of January 14, 1955. For that reason, I shall not at this point go into the details of that document, since it is readily accessible to all of us.

I believe, however, that it is proper to point out that the Foreign Trade and Milwaukee study revealed that the majority of our manufacturing industries in Milwaukee, and of the workers employed by them, are greatly interested in foreign trade, and largely benefit from it. This is a very revealing point. The study further showed that only approximately 3½ percent of the manufacturing workers of industries answering the Library of Congress questionnaire were being adversely affected by foreign competition.

Similar local studies have been and are being made in other parts of our country. They should be of great help to us by showing how foreign trade

affects our communities, and by indicating the industries and the specific firms which suffer from foreign competition.

Mr. Chairman, in the few minutes allotted to me, I have endeavored to show why the legislation before us warrants speedy and favorable action. It is my hope that the extension of the reciprocal trade agreements program will be approved without delay.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I desire to announce that we have only one further speaker on this side, so the gentleman from New York may finish up on his side.

Mr. REED of New York. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. FRELINGHUYSEN].

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, at this point in debate, probably none of us is helping anyone make up his mind how to vote. Perhaps some of us are saying things which we do not really mean or which should not be said. At the same time, I intend to vote in favor of this bill because I believe it will strengthen the economy of the United States. I believe also that it will strengthen the economies of our allies, which will be of direct benefit to us. Passage of this bill, furthermore, will help the American consumer. Such foreign competition as this bill envisages should foster greater efficiency within our own industries. Competition, we can all agree, is a vital part of a healthy free enterprise system. I have faith that America's engineering and merchandising genius will enable us to compete effectively without the subsidy of high tariffs.

Each Member of Congress, I am sure, has received material from his district regarding certain industries which feel they would be injured by any further reduction in tariffs. In some cases they claim injury under present rates. If my office is typical, Congressmen may have received more material from industries opposed to this bill than they have from those favoring it. As so frequently happens, it is the opponents of a measure who make the most noise.

For this reason the easy course for many Members may be to oppose the bill before us. Such action, at least, would satisfy the vociferous and articulate opponents of trade liberalization. The Member could claim to be fighting to protect his district's interests and no one would question his sincerity.

Unfortunately, the more difficult course for each of us is to rise above the purely parochial interests of our constituency. On a major piece of legislation such as that before us—a bill which has tremendously wide potential ramifications both nationally and internationally—I believe our votes should be determined by a broader consideration than our own immediate constituencies. The test should be the test which President Eisenhower so frequently refers to,

"Is it in the enlightened self-interest of the United States? Will this strengthen America?"

In his special message to Congress last month, the President said:

The Nation's enlightened self-interest and sense of responsibility as a leader among the free nations require a foreign economic program that will stimulate economic growth in the free world through enlarging opportunities for the fuller operation of the forces of free enterprise and competitive markets. Our own self-interest requires such a program because (1) economic strength among our allies is essential to our security; (2) economic growth in underdeveloped areas is necessary to lessen international instability growing out of the vulnerability of such areas to Communist penetration and subversion; and (3) an increasing volume of world production and trade will help assure our own economic growth and a rising standard of living among our own people.

The bill before us will strengthen the United States both at home and abroad. The United States must take the leadership in encouraging high levels of trade. I hope that my colleagues will cast their votes on the basis of the national interest rather than any special or local interests.

I wish, in closing, Mr. Chairman, to make a special point: Regardless of the outcome of the vote on this particular bill, we should recognize that the reciprocal trade program is only one part of the complex field of foreign economic policy. Despite the importance of this program we must bear in mind that the real problems in the field of world trade lie far deeper than the tariff question.

The problems stem largely from the basic disruptions and dislocations in trade patterns which first came about following World War II and which have continued up to the present time. A number of specific factors could be listed:

First. The center of world trade has shifted from Britain to the United States. This has created definite economic adjustment problems for Great Britain and other Western European nations.

Second. The drive of former colonial people for economic independence has considerably altered traditional trade patterns between Western industrial nations and so-called third countries of the underdeveloped areas.

Third. Scientific and technological change have tempted more nations to pursue a policy of economic independence and self-sufficiency. The result has been an undercutting of the traditional advantages of international specialization, and an increase in international trade competition.

A revolution in world trade patterns has resulted from these and many other factors. Solutions to the dislocations which have taken place cannot be found in tariff adjustments alone. In many cases the economic problems of our allies have nothing to do with the United States tariff. For one thing, our European friends must further increase their production and improve their merchandising techniques.

Along with our efforts in the field of reciprocal trade, the Government of the United States will continue, I hope, to work closely with its allies in an effort to

attack the more basic causes which have led to the problems facing us in the field of international trade.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from New York.

Mr. WAINWRIGHT. I would like to associate myself with the gentleman's remarks. And, Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD immediately following the gentleman's remarks.

The CHAIRMAN. Is there objection? There was no objection.

Mr. WAINWRIGHT. Mr. Chairman, I rise to make my position crystal clear on the action which took place yesterday. Due to the fact that I was confined to my bed with the flu, I was unable to vote on rollcall No. 8. Had I been able to vote I would have supported the closed rule and voted "yea." On rollcall No. 9, I would have voted against an open rule, against the Brown amendment, I would have voted "nay." And on rollcall No. 10, the previous question, I would have voted for the original rule, I would have voted "yea." It is thus apparent that I intend to support the President of the United States today and vote against recommitment, and in favor of the bill. Enough has been said on both sides, but I would like to add that the motivating, driving force in my vote is this: "Trade not aid."

For example, it is a ridiculous thing to build up West Germany as a nation, to revitalize her industrial capacity, to put her on her feet as a free-enterprise nation, and then to set trade barriers in the path of German enterprises. Similar situations exist in free, friendly countries all over the world. I believe that H. R. 1 will further revitalize these nations by the "trade, not aid" principle.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. OSTERTAG].

Mr. OSTERTAG. Mr. Chairman, I wish to speak with special reference to that part of the trade-agreements program dealing with protection of commodities and skills vital to our security and national defense. In my judgment, this is the program's weakest link. It should be substantially strengthened, if we are to give this program our full approval. To do otherwise is to deliberately strike at the jobs of skilled American craftsmen, and to jeopardize the safety of our country, if and when the time comes that their skills are vitally needed. I cannot believe that our international relations or the international economic climate requires any such sacrifice from an important segment of American industry, and, indeed, from the American people themselves, upon whom the burden of this unwise step would eventually fall.

Let me make it clear, Mr. Chairman, that, in voicing this plea for strengthened protection of defense-supporting industries, I am not opposing the objectives of the President's program. I believe the American people generally are in accord with its objectives. I believe most of the industrialists of my district share the

view that a prudent extension of the reciprocal trade program would be good for the world economy and good for world understanding and amity.

But the bill does not, in my judgment, make adequate provision to protect certain classes of skilled workers, whose skills are vital to our own safety, and in that respect I believe it should be revised.

Let me illustrate, Mr. Chairman, by citing what is already happening to the optical workers in my district.

The optical industry is, of course, essential to our defense. We rely on it for optical and photographic equipment, bombsights, gunsights, tanksights, periscopes, telescopes, binoculars, cameras of all types, and many other instruments, without which our entire Defense Establishment would be blindfolded.

But despite so-called safeguards already existing in the trade agreements act, which are supposed to protect such industries, the optical industry is today operating with its back to the wall. The American market has already been opened up to a flood of foreign optical goods, and substantial numbers of American workers have already been laid off as a result. Thus, for example, in 1947 imported laboratory microscopes accounted for slightly more than 1 percent of total sales in the United States. In 1953 they accounted for more than 43 percent of the total sales. In 1948, imported binoculars valued at \$25 or more represented 46.2 percent of domestic sales. In 1953 they represented 86.7 percent of our sales.

What does this mean, in concrete terms, to American industry? It means that certain vitally important industries must either go out of business or go into other lines of business in which they can remain solvent. They find themselves between the upper and nether millstone, with their own Government grinding them into oblivion.

Let me illustrate my point more specifically from the experience of a fine optical and instrument company in my district, one of whose specialties has been camera shutters.

Here is the case history of that company, under our present trade agreements program, as described to me by one of its officers:

During the past year our shutter business has dropped 75 percent, forcing us to lay off 76 of our 110 skilled shutter makers, and another 390 of our 1,000 regular factory employees from our various other departments, which layoffs have been entirely due to the present low tariffs. In some departments we have reached the point, where we are employing only 1 person. These layoffs are continuing at the present time.

Between 1949 and 1953 our shutter production averaged well over 100,000 units per year. In 1954, due to the imports of photographic shutters, this production dropped to 34,000 per year, and is still continuing to decrease. The amount of labor necessary to manufacture a shutter represents 85 percent of the unit cost per shutter, and at our average rate of \$2.25 per hour, it is quite impossible to compete with \$.35 to \$.50 per hour labor which exists for skilled shutter-makers in Germany and approximately \$.15 to \$.20 per hour labor which exists for skilled shuttermakers in Japan.

In 1939 and 1940 when Germany was cut off as a source of supply for photographic

shutters, we were very urgently requested by the United States Army Signal Corps to develop a shutter for their military requirements, which we did in a very short period of time. However, if it were not for the fact that we had been able to maintain reasonable shutter production and as a result of this production of our own engineering and experimental departments, we could not have developed this urgently required military shutter.

Our shuttermakers are highly skilled people with many years of experience. It takes 2 to 3 years to train 1, and only a small percentage of people to whom we give training succeeded in becoming shuttermakers. Shutters are not items that can be mass-produced. Each is built individually. Our Repax shutter has 186 parts, many of them so small they must be handled with pincers.

To sum it up, the impact of imports on our company is disastrous. Naturally, we are considering steps to keep this company in business, but we do not see any way of keeping skilled help on the payroll.

Our industry is an imported industry. It was built up by imported skilled craftsmen who came from Germany. They brought the skill and taught it to others. When World War I came along, it was only a small industry, but suddenly German imports stopped, and efforts had to be made to substitute American-made products for German imports. There was lots of time, however—3 years, 1914 to 1917—before we got into the scrap, and even then we weren't ready. It took another year to equip an army. The optical industry was one of those that was not ready, but it grew fast during and after World War I, when photography became of such tremendous importance in peace and war. We were ready in World War II and in Korea. Optical and photographic equipment, bombsights, gunsights, tanksights, periscopes, telescopes, binoculars, cameras of all types, all needing lenses and instruments that only the optical industry with its skilled help could supply, all these and many others too numerous to mention, flowed in a never-ending stream to the Armed Forces. Again, however, we had time to do training, to enlarge our facilities, to plan, to produce, but even then we could not do it without exempting from military service those who had the skill to do the work.

What is the situation today? The industry is losing a large part of skilled help, and those that remain are the older workers. They have never done anything else, and many of them are expert craftsmen, but they are not getting any younger. Within a few years, these skills will be gone. They tell us that in the next war we will not have time to prepare. How, then, can we produce precision equipment without trained help? How good is a camera without a lens or shutter, how good a pair of binoculars without prisms, how good an atomic submarine without a periscope, how good a bombsight without an optical system? Are we going to fight the next war blindfolded? That is exactly what we are going to do, unless something is done to keep optical plants going.

Mr. Chairman, I have received similar information from virtually every optical instruments manufacturer in my district, and we all know it is a situation which prevails throughout the country. I will take the time of the House to cite one more illustration, however. There is in my district one large manufacturer of optical goods who specializes in binoculars. In 1946, the company manufactured 41.5 percent of the quality binoculars sold on the American market. Only 1 percent were of Japanese origin. In

1949, this company's share of the domestic market had dropped to 9.3 percent, and by 1952 its share was only 2.8 percent. This, of course, amounts to ruinous competition, and ruinous economic war, waged against American manufacturers and American workmen by their own Government. In my judgment, there are no considerations of international relations sufficiently important to justify an international trade program maintained at so critical a cost to our own manufacturers and workers.

I should like to add one additional ironic fact to this statement: in more than one case in my district, the manufacturing plants which are being so critically hurt by our present foreign trade program are, in more than one sense, the victims of their own Government. When World War II and the Korean war broke out, the Defense Department went rushing to these manufacturers, pleading for urgently needed optical goods of many kinds. The manufacturers embarked on the necessary expansion programs, tooling up their plants, enlisting and training the craftsmen necessary to do the job, and turning out the goods which were vital to our security.

Mr. Chairman, there is a heartening note in connection with this problem and I refer to plans to amend the Defense Production Act to provide the necessary authority for the protection of commodities and skills vital to our national defense. In a conversation earlier today with Dr. Arthur S. Fleming, Director, Office of Defense Mobilization, I was assured that the administration will recommend an appropriate amendment to the Defense Production Act in connection with the proposed extension of this law. Although the details of the proposal have not been determined, it is expected that an inter-agency task force within the ODM will soon submit a report and recommendations on the subject for the consideration of the Director who in turn will report to the President. This approach appears to be a practical solution to this knotty problem and I am glad to have the assurance of the Director that this matter will be brought to a head within the near future. Such an amendment to the Defense Production Act should give the President appropriate authority to protect the industries and skills essential to our national security and defense.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. FENTON].

Mr. FENTON. Mr. Chairman, after yesterday's demonstration as to the temper of the House regarding H. R. 1, it would seem to me that it is very clear that any extension of time made should not exceed 1 year.

For years the frightful conditions existing in the anthracite and bituminous coal industry of the United States has been pretty generally known. To we who live with the problem it is disheartening to say the least.

It therefore becomes necessary for me to oppose H. R. 1 because of the insistence of our administrations, present and

past, to permit the importation of millions of barrels of dump, residual oil into our eastern seaboard.

This importation of residual oil—136 million barrels last year—is the equivalent of 35 million tons of coal—means that the loss of production and sales fall on the mines which normally serve the eastern seaboard.

Unemployment in the anthracite area of Pennsylvania has been persistent over a number of years. We have tried to cope with this situation locally and through the State.

We realize that there are a number of factors which go to make up our trials and tribulations and which I will not discuss at this time.

However, one of the greatest factors, such as the importation of cheap residual oil, displaces so much of our coal production that it becomes necessary to protest the passage of H. R. 1 in its present form.

I was one of a great many Members of this body who brought attention of this problem to the committee with the introduction of H. R. 428 which would have limited such importation to some degree.

Since we have no other recourse to cut down on this dumping of residual oil into our country, I shall vote against H. R. 1.

(Mr. FENTON asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Chairman, I yield such time as she may desire to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I cannot possibly vote for the bill as now written. I hope to be able to vote for recommitment.

Believing very earnestly as I do that H. R. 1, the Trade Agreements Extension Act of 1955, represents extremely far-reaching and important legislation for our country, I appealed to the Members of the House yesterday to think very accurately about all of the facts involved before committing themselves to a decision on this bill this afternoon.

After a careful examination and exhaustive study of the facts involved and the far-reaching powers granted in this legislation, I have reached a conclusion to oppose and vote against H. R. 1.

In reaching this conclusion, I want to make my position perfectly clear. I am not opposed to international trade, and I am not opposed to international trade by negotiation or agreement. A great nation such as ours must, of course, do business with the rest of the world, and the American people certainly receive many benefits from the fact that the rest of the world is anxious to do business with us. The principles and objectives, as well as the operation of international trade are not involved in the consideration of this legislation at this time. That which is involved in this legislation and which has a significant influence upon our trade relations with other countries, as well as a serious effect upon our domestic economic life, is the important factor of method.

In the course of the debate here this afternoon, the very able and distin-

guished members of the Ways and Means Committee have presented arguments for and arguments against this legislation in the course of their excellent analysis of so much that is involved. As a result, it is not my purpose to duplicate arguments already made or that will be made. Instead of presenting, on the contrary, an exhaustive analysis of this legislation, it is my purpose to address my attention to one very important element involved in this bill. In doing this, I hope to emphasize a consideration involved here which surely must command the attention and thought of every Member of this House.

On many occasions down through the years during times of great crises, I have come here to the tribune in this great House of Representatives in Congress to express my views for whatever they may be worth. I believe firmly that although this legislation is not of a crisis nature, it is equal in importance to the people of America, to those great decisions made here in the past which have hewed the path of our destiny.

Among other things, this legislation extends the power and authority of the Executive over the entire economic life of America. It is my view that this power should not be delegated away from the Congress of the United States. The representatives of the people in the Congress assembled should always have this responsibility if our constitutional system of government is to continue to have its full meaning. It is my view that the Constitution of the United States should be the law of the land at all times and not only when it is convenient.

One of the principal features of H. R. 1, involving this question of power, is that in addition to the extension of the trade-agreements authority, the Chief Executive is authorized to negotiate tariff reductions, and I emphasize, I say tariff reductions, by any 1 of 3 alternative methods.

Under this legislation, the President is authorized first to reduce tariff rates that exist on July 1 of 1955 by a total of 15 percent, a reduction of 5 percent per year for each of the 3 years covered in this extension of authority.

The other two methods of tariff-rate reduction authorized in this legislation are alternative in nature and provide the power to reduce rates by 50 percent of the rate prevailing on January 1, 1945, in the case of those products normally not imported, or imported in negligible amounts. The third alternative involved in the power granted here in this legislation gives the President the authority to negotiate reductions in tariff rates which are higher than 50 percent of the value of a particular product imported to a rate equivalent to 50 percent.

Now it is my contention this grant of power to the executive department of the Government transfers from the Congress or the legislative branch of the Government the control over the economic life of America. This I consider to be bad legislation and bad law, for under our system of government the Congress does not have the authority to delegate this power which is obviously a legislative

function. Article 1, section 8, of the Constitution specifically places the power to regulate commerce with foreign nations in the Congress and only the Congress.

My opposition to the granting of this authority in this legislation is not based upon any desire on my part to build and maintain a high tariff wall around the United States for the purpose of preventing trade with foreign nations. I believe I am more realistic and sensible to the necessity for the flow of goods between nations than to even suggest such a policy. I believe in a flow of trade between nations for their mutual advantage. My opposition, on the contrary, is based on the principle that in view of the fact the United States of America is already among the very lowest tariff nations of the world, and already has some of the lowest tariff rates on particular products of any nation in the world, that any new tariff policy, and this is the important point, that any new tariff policy of the United States should at least place foreign producers, having lower manufacturing costs in a national economy of a much lower standard than America, in a comparable competitive position with our own domestic producers for the United States market. In other words, I am completely opposed to any trade policy or to a granting of the power to formulate any trade policy which, upon establishment, would discriminate in favor of foreign producers against American manufacturers, and American labor. I am opposed to any trade policy which could result in a drastic lowering of the fine and great standard of living enjoyed in America.

In this respect, I agree completely with President Eisenhower, with his statement in his first state of the Union message, which is:

This objective must not ignore legitimate safeguarding of domestic industries, agriculture, and labor standards.

Also, I agree with the statement issued by the Commission on Foreign Economic Policy, which declares:

American labor should not be subjected to unfair competition as a part of any program to expand our foreign trade.

In this legislation, however, I fail to find any evidence of safeguards which would guarantee the observance of these expressed views.

It is argued by the proponents of this legislation that this granting of power to the executive department of the Government to negotiate this drastic lowering of tariff rates over the next 3 years is absolutely necessary, in order to construct and build up the economic position of our allies and friendly nations.

It is argued this is absolutely necessary for the preservation of peace and for the protection of the free world.

If these arguments are valid, surely in the building of the economic strength of our foreign friends, it is not necessary for America to sacrifice complete industries and particular labor skills long the backbone of our economic and industrial life. If we must make such a sacrifice, obviously we are defeating the very objective we are trying to achieve. Surely, you will agree with me that a

sound, prosperous economy in the United States, based upon our American standard of living, constitutes the most important single factor in the building of a sound economy everywhere in the world.

The tremendous rate of consumption of world products as a result of the high standard of living in America cannot be sacrificed for the building of economies elsewhere, for in doing so, the building of these economies would terminate and they would collapse to the extent the American market was destroyed.

In addition to this very important fact, is the fact that if peace is to be maintained throughout the world it can only be assured if the United States of America remains industrially strong.

It is my contention that this legislation we are considering here at this time discloses no evidence whatsoever for the need to sacrifice particular American industries upon which the American people are dependent in order to produce economic well-being and economic strength for our foreign friends. To be specific, is there any Member in this House who here and now would stand up and vote to abolish the American textile industry in order to increase the economic strength of any of our foreign friends? I do not believe there is a single Member here today in this House that would favor any such action. Yet, I say to you, the possibility of this eventuality is contained in this legislation and in this grant of power.

Let us look at the facts in regard to the economic strength of some of our foreign friends. A study of foreign economic conditions discloses that business conditions are improving, that national income has increased, and that the national economy has materially progressed during 1954 in Italy. If the basic economic factors continue to show progress in 1955, Italy reports that conditions there will be far above average. In England, production, profits, wages, are at higher levels than at any time since the war. The Ministry of Economics for Western Germany reports that 1955 will disclose an increase in the gross national product of approximately 10 percent. In spite of its domestic political difficulties, the Ministry of Economics in France reports that France is headed for a very good year. Japan reports, production increasing at a rapid rate. Similar reports of expansion and gains in the national economy are reported in Sweden, Norway, Denmark, Holland, Portugal, Spain, Canada, and South Africa.

In view of these facts, why is it necessary to grant this overwhelming power today authorizing drastic, detrimental reductions of our tariff rates in order to strengthen the economic well-being of the nations of the free world? These nations today, already have experienced a marked increase in their national economic life. At this very moment, we must recognize factual conditions and keep in mind that imports are already flowing into the United States in some cases of sufficient quantity to actually threaten our domestic economy and to threaten the economic life of certain communities within the country. En-

couraged by American gifts and grants of capital, the industrial capacity of our friendly foreign nations has tremendously increased. It has not yet reached its full capacity. When it does, we can expect a larger and larger flow of products to the great American market which will more and more compete with our American industries.

In conclusion, again it is my purpose to emphasize the fact that the economic structure of many foreign countries is so dissimilar to that in the United States that increased flow of goods to the American market would not alter the standard of living in those respective countries and would not change the economic structure or increase the standard of living. All such an additional flow of goods would accomplish would be to make manufacturers in those particular countries more wealthy. It would make rich men richer and have no effect whatsoever upon raising the hourly wage rates for labor or the standard of life and living in those countries. Labor in those countries would continue, regardless of the expansion of trade, to exist in practical slavery with a very low standard of living based on slave wages and long hours of toil.

Now my time is up, so I want to leave this thought with you. Make sure that in the action you take today in regard to this legislation, you are thinking of the welfare of the American people and of the greatness and fineness that is America. Make your decision beneficial and helpful to your country. As is recognized everywhere, America has many times over, done her part to help other nations. We will continue to help other nations to the best of our ability, but it is high time that we begin to think of the welfare of our own country and our own American people. I know in your hearts you agree with me and that you will not here today favor action which might prove detrimental to the strength and well-being that is America.

(Mrs. ROGERS of Massachusetts asked and was given permission to revise and extend her remarks.)

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. Mr. Chairman, I think that the time has come when every Member of Congress should resolve the question of whether he is to vote in the exclusively selfish interest of his own district or whether he is to vote in the general interest of the United States. I have always contended that the national interest should at all times take precedence when a conflict of conscience is involved.

We are about to vote on a bill that perennially emphasizes the tendency for some of those among us to expect special treatment for their own constituencies while denying the same consideration to other areas of our Nation. Yes, the annual showdown is here again. We are about to go on record with our vote on the bill to extend the Reciprocal Trade Agreements Act.

A large number of our Members have already declared in favor of this bill. We

must have world trade, you say, and the only way we can do it is to liberalize further our tariff barriers. But how many of the proponents of this bill are willing to have their own districts subjected to the type of foreign competition that is existent and would be intensified under this bill?

Industry and labor in my district have long suffered as a consequence of the influx into this country of such products as residual oil, plate and window glass, and clay and ceramics products. Speaking for this district and other districts confronted with a similar situation, I have proposed that H. R. 1 be amended so that it will provide a safeguard for the American coal industry and for the glass and clay and ceramics industries.

In the past we have made little headway in this crusade for equitable treatment. Too many Members of Congress are too willing to continue the illicit application of tariff principles responsible in the double standard for the various regions of our country.

I would appreciate some frank explanation by proponents of this measure as to why my district is not entitled to enjoy the same protective measures as those provided for other districts. Can anyone explain the moral reasoning that impels a Member of Congress to demand a quota limitation and/or tariff on agricultural products while rejecting parallel safeguards for mining industries? I realize that it is easy to speak reverently and impassionately of the necessity for free trade when your own little kingdoms are safely sheltered under an umbrella of quotas and insured with price supports, but I do not understand how anyone who is guilty of this incongruous practice can sleep at night knowing that there is widespread hunger and destitution among American people as a consequence. If anyone in this House is not aware that those conditions exist in this land of ours, then let me assure you that at this very moment there are thousands of coal miners and railroaders who are without work because foreign oil imports have taken their jobs from them. Their families are undernourished and are not properly clothed, and there is little hope for a better life unless this Congress forgets sectionalism and selfishness and join together as an American legislative body.

Last evening I went back through some CONGRESSIONAL RECORDS of the past several years, and I was distressed to find so many statements appealing for price supports, quotas, and tariffs by many of the same Members who yesterday voted against giving citizens outside their own counties and parishes even an opportunity to be heard in respect to the tariff issue. How can this attitude be defended?

Fortunately, there is a chance to make amends for this unfair treatment of our people. I ask only that the do-unto-others precept be given a place in this legislative Chamber when succeeding votes on foreign trade are undertaken.

(Mr. SAYLOR asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire

to the gentleman from Indiana [Mr. BEAMER].

Mr. BEAMER. Mr. Chairman, I am vitally concerned with this measure because I think we should look at it from the point of view of the people of our district. This is not a rubber-stamp Congress.

Mr. Chairman, habits often get deep rooted—even in the Congress. Great concern was expressed that certain authority will be taken away from the President in tariff matters if H. R. 1 is recommitted with certain instructions. This is no rubber-stamp Congress and I feel that each Member is obligated to represent his district and the varied interests in the State that has sent him to represent them in the United States Congress.

I voted against concentration of too much authority in the Federal Executive when a Democrat was President, and I see no reason to change my vote when a Republican is President. In fact, the consideration of the reciprocal trade agreement has no political implication.

In the 83d Congress I submitted H. R. 9682 and in this 84th Congress I have submitted the same bill, H. R. 2095, in behalf of the glass industry. In this specific industry, the workers in the factories have appealed to me. The same is true of the tile and ceramics manufacturers and for those who are interested in the bicycle industry. These workers and their employers are entitled to be heard by the United States Tariff Commission in the hope that relief will be afforded them if injury is inflicted by unfair foreign competition.

May I make it clear that neither I nor these people in Indiana ask for high protection. They ask for equalization. Reciprocity is a satisfactory program but reciprocity must work both ways. That is all that our people ask and it certainly seems to be a fair request.

Free trade is a magnificent concept. It is a beautiful thought, and when the millennium comes, when all men and all nations are of good will, then a free trade concept may become a reality. We are living in two worlds. We are engaged in a cold war. To strengthen our economy is the greatest factor in our all-over defense program. This concept will encourage trade with friendly nations. They, too, are protecting their industries and we certainly will be following their and our good-neighbor policy by enacting legislation that will provide equalization in tariffs.

(Mr. BEAMER asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. BATES].

Mr. BATES. Mr. Chairman, there is no problem, outside of those associated with my legislative committee, that has consumed more of my time or interest than the matter currently before us. I have appeared before many committees of the Congress in this regard, as well as before the Committee on Reciprocity Information and the Tariff Commission.

While I have repeatedly supported the Reciprocal Trade Agreements Act, I am

convinced that some of its machinery should be strengthened and clarified.

Like many Members of Congress I have been approached by representatives of industries claiming injury as a consequence of concessions. Certain of these claims are legitimate and others are not. When I have been satisfied that the appeals could be substantiated, I have pressed for relief on these concessions.

The first case I presented to the Tariff Commission was in 1950 on the question of imports of women's fur felt hats and hat bodies. The Commission held that the hat industry was injured and recommended withdrawal of concessions. This position was sustained by the President.

Two years ago, I again appeared before the Tariff Commission concerning the imports of frozen groundfish fillets. While I was completely satisfied that the hat industry, in the previous case, had been injured, it appeared to me that the import of fillets were having an even more disastrous effect upon the fishing industry. In 1941, imports of this type amounted to only 9 percent of domestic production but increased to 81 percent in 1952. In actual figures this represented an increase from 9 million pounds in 1941 to 107 million pounds in 1952. The Tariff Commission recommended relief but this decision was not sustained. It is a frustrating experience to lose such a battle when the facts seem so evident. I predicted at that time that there was nothing to prevent the imports from absorbing all but a negligible amount of the groundfish industry. Here is the situation today. During 1954, imports amounted to 135 million pounds, an increase of 48 percent over 1953 and 26 percent or 28 million more pounds than at the time the Commission made its decision.

The case indicated above is an example of what can happen unless in some way the escape clause can be strengthened. In my judgment, the position of the President would then be made much easier. While I recognize some inadequacies in the motion to commit which is directed toward this end, I do hope that appropriate language can be found to convey these purposes before this measure becomes law.

The feelings expressed here on the floor during the last 2 days should not go unnoticed. It may seem strange that these feelings should develop during a record period of economic prosperity. Envision, if you will, what the situation would be if we were in bad times. While we have cut our tariffs 70 percent since 1934, and inflation has reduced them further, many countries have raised tariffs or prevented goods from being imported into their own countries by devious means and at the same time subsidized exports.

We are currently proceeding through a transitional period in world trade and it is quite impossible to know what the future pattern of relationships may be. We must be careful not to do something today that we must undo tomorrow. In the meantime, we must establish a policy of relationships that blend together

not only the economic aspects but all problems relative to this relationship.

(Mr. BATES asked and was given permission to revise and extend his remarks.)

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RIEHLMAN].

Mr. RIEHLMAN. Mr. Chairman, during my entire period of service in Congress I have supported reciprocal trade legislation. I believe in the fundamental soundness of the reciprocal trade concept. However, I have long felt that the administration of the reciprocal trade programs, particularly with respect to proceedings under the peril-point and escape-clause provisions, has been seriously deficient.

Therefore, I believe some changes in H. R. 1 are necessary to protect adequately American labor and industry.

Mr. Chairman, President Eisenhower has urged enactment of comprehensive legislation that would make possible the further development of our country's foreign economic policy.

The President has pointed out most clearly that—

The Nation's enlightened self-interest and sense of responsibility as a leader among the free nations require a foreign economic program that will stimulate economic growth in the free world through enlarging opportunities for the fuller operation of the forces of free enterprise and competitive markets.

However, the President also has endeavored to make it equally clear that the program which he recommends is moderate, gradual, and reciprocal.

I believe that H. R. 1—the Trade Agreements Extension Act of 1955—substantially fulfills the President's request for authority to make possible the further development of a comprehensive and effective reciprocal trade program.

But the real test of the wisdom and effectiveness of this legislation will come only in the years ahead when the gradual lowering of selected tariffs and the selective granting of other trade concessions pose problems for many segments of American industry which must compete with foreign producers.

Already, many industries, some in my own congressional district, such as the chemical industry; makers of china, pottery, cutlery, and candles; the electrical machinery and electrical apparatus industry; the machine-tool industry; makers of precision and optical instruments; and domestic producers of some essential raw materials; and countless other industries can present graphic examples of ruthless foreign competition from producers in countries with labor wage standards far below those of the United States.

All of these industries employ substantial numbers of American workmen at American wage levels, and many of these industries would be undeniably essential to our national defense should foreign sources of supply be cut off during wartime.

This is no mere plea by inefficient domestic industries for protection from fair competition by more efficient for-

eign producers. In such cases, genuinely more efficient foreign competitors will eventually capture world markets in spite of any efforts at protection by our Government.

No, this is a very justified complaint by many segments of American industry and labor against unfair competition from foreign producers who are able to compete in American markets only because of wage levels which would be regarded as substandard in the United States.

I do not believe that it is possible or practical for the Congress to continually investigate each such instance and legislate specific tariff rates for the many thousands of product classifications. Furthermore, it would be questionable wisdom for the Congress to try to dictate so specifically the detailed administration of our country's foreign economic policy.

However, past experience convinces me that our administrative machinery in the executive branch of the Government has not operated so responsively as to guarantee for the future that the foreign economic policy program will, in fact, be developed and administered moderately, gradually, and selectively.

One of the most notable criticisms of the reciprocal trade program in the past has been the relative ineffectiveness of the peril-point and escape-clause provisions of the act as administered by the executive branch of the Government. Industries complain, with much merit, that such relief provisions can be effective only if rapidly and decisively employed. Unfortunately, such has not been the administrative history.

The peril-point provision requires that the Tariff Commission survey all commodities on which the President proposes to negotiate agreements with other countries, and to specify rates of duty below which tariffs cannot be lowered without injury to United States industry. The President is permitted to reduce tariffs below the peril point, but is required to communicate to the Congress his reasons for doing so.

A further check on the President's power is found in the escape clause which appears at the present time in almost all United States trade agreements. It allows the United States to withdraw a concession given to a foreign government if that concession has led to an increase in the quantities of imports which causes or threatens to cause serious injury to United States industry. Complaints concerning increased imports are directed to the Tariff Commission which, after investigation, reports its findings within 9 months. If three or more members of the six-man Tariff Commission find that serious injury threatens or has occurred, the President must either reject or accept their recommendations. If he rejects the recommendations, he must report his reasons to the Congress within 60 days.

An industry can suffer severe damage from unfair foreign competition resulting from unwise trade concessions allowed to continue in operation during the prolonged initiation and pursual of such escape-clause proceedings.

I would recommend most strongly that the present bill be amended to make mandatory the more rapid and more decisive administration of these provisions.

The time allowed the Tariff Commission for consideration of complaints from parties under the escape-clause provision should be considerably shortened. And the Tariff Commission should be enjoined by the Congress to solicit even more vigorously the views of all interested parties before reaching their decisions, in both the peril-point and escape-clause procedures.

Likewise, the time allotted for Presidential consideration should be considerably shortened since such appeals to the President have already been extensively studied by the Tariff Commission.

Furthermore, I support the principles of the Reed amendment which would provide that the findings of a majority of the Tariff Commission, to the effect that a concession on any product is causing or threatening serious injury to an otherwise efficient and productive American industry, should be final and conclusive. The President would then take action to prevent or remedy such injury unless he determines that the national security dictates otherwise, and, failing to take such action, the President would report to the Congress the reasons for his decision.

Certainly, our long-range foreign economic policy could not be permanently harmed by more rapid, decisive action in such questions, with any reasonable and substantial doubts resolved in favor of domestic producers. Even though, thereby, some inefficient domestic industries might possibly be unnecessarily protected at temporary expense to our economy, appropriate trade concessions could later be extended in such instances with relatively little interim harm to the long-range foreign policy objectives of the Government's reciprocal trade program. On the other hand, belated rescission of harmful trade concessions will never repair the damage unjustifiably caused essential American industries.

Such amendment would not destroy the essential validity of the act's declared objectives—and would do much to minimize the possibilities of injustices to healthy, legitimate, and freely competitive American industries that contribute immeasurably to our national economic and defense potential.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. KNOX].

Mr. KNOX. Mr. Chairman, I am greatly disturbed over the maneuvers originating in the House of Representatives yesterday, being on the question of the closed rule.

I fully realize that questions concerning taxation must have careful consideration as far as the closed rule is concerned. However, this very important piece of legislation dealing directly with the trade agreements is one of so great importance to the entire Nation. Many Members of the House of Representatives represent districts that are directly affected by the provisions of this bill.

It is difficult for one to understand why a body here in a great Republic such as the United States of America, should decline to give the right to the duly elected Members of Congress, the American privilege of being free and the right to speak and offer amendments to any bill dealing with issues of such major importance as H. R. 1.

I represent a district in northern Michigan that formerly was one of the greatest lumber sections of our Nation. Naturally many woodworking plants followed the cutting of the virgin timber. These woodworking plants had provided a medium of work for the people who live there.

In my district of Michigan, in the little town of Munising, there used to be a clothespin plant. It was one of the principal mainstays of the town, employing approximately 60 workers in the production of clothespins. This plant was operated by the Munising Wood Products Co., which is also engaged in the production of a number of other wood products, including salad bowls and other wood turnings. The company made a real contribution to the town—paid a goodly share of the property taxes and paid them every year without the necessity of tax foreclosure proceedings—paid a good living wage to a large number of workers who otherwise would have been unable to find employment in the area—made it possible for retail merchants to keep their heads above water by selling their wares to the workers in the clothespin plant.

All of this was before we hung that sign on the Statue of Liberty saying: "Imports Welcome." This sign and the competition of low-priced spring clothespins which it encouraged, forced the Munising Wood Products Co., about 3 years ago, to discontinue the production of spring clothespins and to discharge 60 of its employees.

We are faced with the undisputed importance of assisting foreign countries in finding a market for the goods which they produce—in acquiring the dollars which they need to buy merchandise from this country—and in helping them improve their standards of living. These things this country should do. At the same time, we know that several million workers in this country are unemployed—trying desperately to find jobs which will enable them to provide for their families. We know that many of these workers are out of work solely because the companies for which they worked have had to close their doors due to their inability to compete with foreign imports.

We listen to innumerable advocates of free trade and recognize the merit in the theories which they present. At the same time, we listen to representatives of domestic industries, and of labor, who present conclusive evidence that they cannot exist under free trade.

We are told that there are millions unemployed in foreign countries and that we could help them by providing a market for merchandise which could be produced in such countries. At the same time we are reminded of the millions unemployed in this country. We

are told that there are some 800,000 young men and women graduating from high schools and colleges every year, who are entitled to employment opportunities; that some 200,000 immigrants arrive on our shores annually in the hope that they can find employment. We are told that we must take care of these unemployed—of these high school and college graduates, of these immigrants—that we are responsible for them and must absorb them into our industries and provide them with jobs so that they may live the kind of lives we consider the right of every American.

We are told that we must help foreign countries so that they may become strong and be in a position to bolster our fight against communism. At the same time we are told that we must keep our own industries in a sound financial condition so that they may pay the taxes necessary to build up our Army, Navy, and Air Force, and keep America strong.

These are only a few of the tasks which are dumped in the laps of the Congress. But we are denied the right to offer amendments to this important bill, H. R. 1.

Our first and primary obligation is to the American people. I believe that as long as we expect and require the American businessman to live up to certain standards, such as the minimum wage, we must protect him against unfair competition from any source whatsoever—particularly from low prices charged for foreign goods produced by poorly paid labor.

It is against the law to go out and take a man's home away from him without compensating him for it—even under the right of eminent domain, and even though there may be an imperative public need for that home. How then, can we justify taking a man's job—or his business—away from him without compensating him for it—even though there may be an urgent need in the public interest to give that job—or that business—to a worker or a businessman in some other country.

It seems to me that we have a moral, if not a legal, obligation to the American businessman who has provided employment, abided by the rules which we have laid down, and has paid his fair share of the cost of keeping this country strong and to the American workman who has paid his fair share of the taxes and who has produced the goods which have made country what it is today.

I am cognizant of my obligations to the American working man, the farmer and the businessman.

Mr. REED of New York. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. KEARNS].

Mr. KEARNS. Mr. Chairman, I have just returned from my congressional district where I have some 7,000 men out of work because of this great influx of foreign materials into the markets of the United States. I want to say to the committee and to my distinguished fellow Members of the House that I am not against reciprocal trade, however, I feel most keenly, Mr. Chairman, that it is about time in these United States of America that we go back to the old

McKinley form of tariffs, whereby we protect American industry and the American payday in the United States of America and the man that we must protect is the man who has his home and who has reared his children, and has the great privilege of living in free America.

Mr. Chairman, let us recommit this bill, let us do the job that we should do as good Americans here and protect the people of the United States so that they can have a payday and prosperity in this great country of ours.

There is a song in America, Fred War-ing and his Pennsylvanians play it. "Where in the World but America." If we are not careful it will be: "Anywhere else but in America."

(Mr. GUBSER (at the request of Mr. REED of New York) was given permission to extend his remarks at this point in the RECORD.)

Mr. GUBSER. Mr. Chairman, when the rule on H. R. 1 was submitted to the House yesterday, I voted three times in a manner which indicated my opposition to an open rule.

I voted for a closed rule because I am convinced that an open rule would have resulted in log-rolling and emasculation of the bill and in effect the killing of reciprocal trade. I acted in support of the administration, and in support of an idea that far transcends party-political considerations. I voted for what I believed to be the cause of peace.

My action in voting as I did has been greatly misunderstood. A number of my constituents, many of them growers of specialty crops such as cherries, wines, and walnuts, have been led to believe that my vote would deny the right to insert safeguards against the ruination of their industries into the bill. I knew yesterday that this just is not so, and that the real issue went much deeper than that. What was at stake was whether reciprocal trade should be emasculated by amendments and killed off on the floor of this House.

Some time ago, I had been reliably informed of the likelihood that a motion to recommit would be submitted to strengthen the escape-clause provisions of the bill. The gentleman from New York [Mr. REED], a colleague in whom I have the greatest confidence, caused the text of such an amendment to be printed in the RECORD of yesterday. As recently as the day before yesterday, I told the growers of my district that I would lend every support I could to the strengthening of the escape-clause provisions if the motion was offered. The Reed motion will soon be a reality and I will support it.

Nevertheless, in spite of my previously announced position, a professional lobbyist has seen fit to convey to my constituents the erroneous impression that I voted against their best interest. I had asked this same lobbyist a few days previously whether the position of the industry he represented would be improved if the escape-clause feature were strengthened in the amendment to recommit. He agreed and conceded that this was true.

Mr. Chairman, I do not consider strengthening of the escape clause the slightest deviation from my support of the President in this matter of Reciprocal Trade. The Tariff Commission is a respected body, appointed by our President and evenly divided among members of our two great parties. I am sure that this Commission is acting in the very best interest of our Nation. We have constituted it to give advice. We have decreed that each distressed business should make its case for relief before that body. And yet, we allow other departments of Government to oppose the case of these businesses without appearing before the Commission.

Where the national security is involved, the amendment clearly states that the President may overrule the Commission. The cause of peace will not be endangered by the amendment—in fact, all it will do is cause all parties to the case to present their evidence in the open, except where national security is involved. I can think of nothing fairer than the motion which Mr. REED will present.

We have lacked an effective escape clause to prevent disaster to any domestic business. Distressed businesses are not allowed time to convert to other fields and liquidate their investments. The Reed amendment will cure this defect.

I endorse reciprocal trade because I am convinced that without stimulated international trade, peace is illusory. In supporting the amendment which will be before us, I feel that I uphold the spirit of the President's program for reciprocal trade, that I detract nothing from the cause of peace, and add a needed help for our own people. I urge the passage of the amendment to be presented by the gentleman from New York.

Mr. REED of New York. Mr. Chairman, I yield 9 minutes to the gentleman from Wisconsin [Mr. BYRNES].

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

[Mr. BYRNES of Wisconsin addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. REED of New York. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. JONAS].

(Mr. JONAS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. JONAS. Mr. Chairman, many of those who have spoken today in favor of this legislation have sought to leave the impression that the issue here is between those who believe in an expanding international trade, and those who would erect a high tariff wall around this country and have us withdraw behind it. That is unfortunate, because it does not correctly state the issue involved and is, therefore, misleading. Those who make that contention are simply erecting strawmen in order to knock them down.

Of course, it is safe to say that every believer in free trade supports H. R. 1, but many support it who do not favor the complete elimination of tariffs. Likewise, I am sure that every protec-

tionist opposes H. R. 1, but there are many of us here who have misgivings about this legislation, but who, nevertheless, are firm supporters of the concept of reciprocal trade.

I find myself in the latter category. I would not favor going back to the old procedure of writing tariff bills on the floor of the House of Representatives. I also believe that we must permit foreign-made goods to be sold here if we expect to export our own surpluses.

The argument to which I have referred ignores three important points:

First. Existing tariff rates are the lowest in our history.

Second. They permit vast quantities of goods to enter our country—currently at a rate of \$11 billion worth a year. Approximately two-thirds of all our imports enter this country duty free.

Third. No one is seeking to raise tariff rates.

It would appear from these three points that current tariff rates are not unreasonably restrictive of imports, and within the framework of existing rates ample opportunity exists for the executive department to negotiate trade agreements with other nations. All that should be necessary to extend this authority, and thereby continue the reciprocal trade program, would be to extend the termination date of the existing authority for 1, 2, or 3 years.

However, H. R. 1 is more than an extension of the Reciprocal Trade Agreements Act. It contains authority to further reduce existing tariff rates which are already, as I have stated, at the lowest point in history, and so low that they do not present any serious obstacle to the expansion of trade.

In the case of textiles and other articles on the agenda for consideration at Geneva, the provisions of H. R. 1 would give the executive department authority to reduce tariff rates 65 percent under 1945 levels. So, with respect to the articles which will be the subject of the approaching Geneva Conference, which will include approximately 90 percent of all cotton countable cloth, we face the possibility not of a tariff reduction of 15 percent over a 3-year period, but a substantially higher reduction below existing rates.

As a matter of fact, the starting point for proposed reductions in tariff rates on textiles is unknown at the moment and will not be known until after the Geneva Conference, and that conference is not even scheduled to end until June or July of this year.

Although some of those who will vote against H. R. 1 will do so because they are generally opposed to reciprocal-trade agreements negotiated by the Executive, my own misgivings about the wisdom of the legislation as it now stands stems from the broad extension of additional authority to the Executive over and beyond the authority now provided in existing law, and from the uncertainties I have just mentioned.

The great textile industry of this country is too important a part of our economy to be liquidated. I do not believe the people who are engaged in this field will permit it to be liquidated. The

units which will be hardest hit by further drastic tariff reductions are the small, independent textile plants scattered up and down the Atlantic seaboard. Many of them now are in a life-and-death struggle for survival. They are barely able to keep operating now, because they have to compete with giants in the domestic textile industry and also with foreign-manufactured goods which are entering domestic markets today over the lowest tariff rates in history. To increase that competition will either do 1 of 3 things: First, force many of them to liquidate; second, force a reduction in wages to employees; or, third, force them to merge with others similarly situated and form additional giant textile organizations.

Already the trend toward concentration is alarming. I would certainly hate to see the textile industry, which has meant so much to the people of my State, follow the pattern set by the automobile industry. I would hate to see the great textile industry dominated by a few giant organizations as the automobile industry is today.

I cannot vote for H. R. 1 in its present form. I have supported every effort to modify it so that at least some of these objectionable features might be eliminated. I would like to vote for an extension of the present act, just as I did a year ago when it was extended, and would do so if it were not for the uncertainties I have mentioned which, in my view, constitute the gravest sort of situation for the great textile industry which means so much to my part of the country.

(Mr. CEDERBERG asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. CEDERBERG. Mr. Chairman, I feel that we have arrived at the point in attempting to purchase foreign good will with tariff concessions, where we had better turn around and look inside the boundaries of our own country and determine how much more whittling we can do and yet keep our own mills, mines, and shops running as they should operate.

We have heard the argument advanced that we should have "Trade, not aid" and that by lowering tariff rates the products of foreign labor will come into this country and with the dollars received the foreign countries will be able to buy more American products.

That all sounds well and good up to a point.

If the products of foreign labor flow into the channels of American trade and displace the products of American mills, mines, and shops, and wipe out the jobs of the workers producing those American products, then who is going to buy the foreign imports?

For many years now we have had this reciprocal-trade program in operation. We had reductions during the war years to help our friends of the free world, then in the postwar years we had reductions in the interest of economic recovery in friendly foreign nations.

WE HAVE OUT-HORSETRADED OURSELVES

We have just about come to the point where we find we are scraping the bot-

tom of the barrel for concessions to use. In other words we have just about out-horsetraded ourselves.

I say it is about time we take a look right here at home and see what has been happening with respect to foreign competition and then ask ourselves how much more whittling we want to do.

At this very minute, while we are debating this bill, the leaders of the wool growers' group, including a group from my own district, are meeting at the Department of Agriculture concerning their plight.

The wool growers of this country are confronted with increased production costs on the one hand and competition from wool imports from low cost areas of the world on the other.

Consideration was given to raising the duty on wool but that brought screams to the effect such action would be contrary to the aims for an expanding foreign trade and so the tariff was not raised. It is true that the National Wool Act of 1954 was designed to help wool growers by continuing the little remaining protection and by using the import duties to compensate wool growers for the higher tariff needed to protect the industry.

IMPORTS AFFECT WOOL GROWERS

There is no question but that the imports of wool from low-cost areas has been a determining factor in discouraging our own growers to the point where our own production of wool has fallen off more than 40 percent since the beginning of World War II.

Mr. R. N. McLachlan, of Evart, Mich., in my own district is here today representing the Michigan Co-op Wool Marketing Association at these meetings with officials of the Department of Agriculture. He has pointed out that the benefits of the 1955 program to aid and encourage producers will not reach them until mid-1956 and as the result the incentive value for more production will be lost. They are seeking other forms of relief. That is only one example of our low tariff problem.

CHICORY INDUSTRY THREATENED

I have here a postal card which chicory farmers of my district are receiving from the E. B. Muller & Co., of Bay City, Mich. The company is a chicory processor.

These postal cards read as follows:

FEBRUARY 9, 1955.

To Our Chicory Growers:

Due to the low-priced chicory coming from behind the Iron Curtain and lowering of tariffs by our Government, we will be unable to contract for the growing of chicory in the United States for the current year.

E. B. MULLER & Co.

I am taking this matter up with the Department of Agriculture and the Tariff Commission but here again we run into this stumbling block of a liberal trade policy for our friends abroad.

I might also say that within recent months one of the small manufacturing plants of my district was consumed on this same altar of liberal-trade policy. This factory, one of the lively industries such as keep our small towns humming, made wooden salad bowls and kindred products. That factory advised me it had to close because of the products of

cheap foreign labor flooding our American market under our ultraliberal trade program.

Now I ask you when we put our chicory farmers out of business, when we wipe out sheep growing, when we close up dozens of small-town plants in your districts and mine, and otherwise displace American workers with products of cheap labor then who is going to buy the imports we are encouraging by this trade program we are constantly liberalizing?

Mr. Chairman, the people of the 10th Congressional District of Michigan, whom I represent, are genuinely disturbed at this latest attempt to further liberalize our trade policies.

DISTRICT 50, UMW UNION, CITES THREAT

I have here a letter from one of the large labor unions in my district—local 12,075, district 50, United Mine Workers of America:

DISTRICT 50,
UNITED MINE WORKERS OF AMERICA,
LOCAL NO. 12075,
Midland, Mich., January 24, 1955.
Congressman ELFORD CEDERBERG,
10th Congressional District,
House of Representatives,
Washington, D. C.

DEAR CONGRESSMAN CEDERBERG: Local 12075, district 50, United Mine Workers of America comprised of the employees of the Dow Chemical Co., in Midland, Mich., are protesting any reenactment or extension of the reciprocal-trade agreement now being considered.

The importation from Europe and other countries of manufactured chemical products produced by cheap labor and sold in competition with chemical manufacturers in the United States seriously threatens both the job security and living standards of the workers employed in the industry in this country.

We respectfully request that you give serious consideration to this protest and refrain from recommending for legislative enactment any agreement that would tend to stimulate the importation of foreign chemical products which due to low labor costs can be offered for sale at prices completely unfair in light of the existing competitive price structure of American products.

Any act in furtherance of the unfair competition referred to herein must ultimately adversely affect the welfare of the employees of this country's chemical industry.

Sincerely yours,

H. J. BOWERS,
President, Local 12075, District 50,
United Mine Workers of America.

These instances which I have cited are only a few of the back home problems involving reciprocal trade which concern me.

During these discussions I have failed to be shown in a convincing manner that there is any trade involved, let alone reciprocity.

When we look at the record and see some of the high tariffs charged by foreign countries on our Michigan-made automobiles—tariffs running from 15 percent to 65 percent on a car and when we see the high rate of duty charges on machinery, textiles, grains, and other products, I am wondering wherein we find ground to call it reciprocal trade.

I am informed that the average hourly earnings for industrial workers in

Switzerland is 57 cents; United Kingdom, 47 cents; France, 46 cents; West Germany, 44 cents; Italy, 35 cents; and Japan, 19 cents.

Furthermore, as the result of American bigheartedness many industries in some of these countries are now utilizing efficient American methods and American know-how to further speed up production of low labor cost imports.

Mr. Chairman, I again say that before we further imperil our economy by further reducing tariff rates that are already among the lowest in the world we should turn from looking beyond the horizons to foreign countries and survey the situation at home.

(Mr. McDONOUGH asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. McDONOUGH. Mr. Chairman, in the interest of fairness and protection to industry, labor, and agriculture and without any feeling or desire to oppose the best intentions of President Eisenhower in his foreign trade policy I will support the motion to recommit H. R. 1, because I believe the peril point should be strengthened and made clearer and that we should assure labor that we will not permit the flood of foreign goods to seriously affect their jobs nor will we permit foreign goods to seriously affect the economy or the industrial production in the United States.

I fully realize that we need reciprocal trade with our foreign allies. I know that foreign trade without restrictions could wreck our economy, lower our standard of living and create widespread unemployment, it has already had very serious effect on certain industries in many parts of the Nation. I also realize that without foreign trade we would bring about unemployment seriously affecting a great deal of our industry and create serious unfriendly relations with many of our foreign allies.

I agree with President Eisenhower when he said in his state of the Union message on foreign trade and trade agreements:

This objective must not ignore legitimate safeguarding of domestic industry, agriculture and labor standards.

I have great confidence in President Eisenhower and believe that he would do his utmost to do what he says, but this bill extends reciprocal trade agreements for 3 years and he may not be President for part of that time. I want to be sure that the industry, agriculture, and labor has the full protection of the peril-point clause and for this and other reasons I shall vote to recommit this bill and I urge all other Members to vote likewise.

Mr. REED of New York. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I rise in support of H. R. 1 and against the motion which will be made to recommit. I believe the bill should be passed. I believe it is in the interest of the national security and the national welfare that it be passed because we in this country need a real reciprocal-trade program.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from Tennessee.

Mr. COOPER. I should like to ask the distinguished gentleman from Pennsylvania whether he represents a coal area.

Mr. FULTON. I represent one of the large soft coal and industrial districts in this country. There are in it about 20 or 22 mining towns and thousands of miners, as well as part of the city of Pittsburgh and the entire city of Clairton. The people in our great industrial area know that our prosperity depends not only on the products we make in Pittsburgh for consumption within Pittsburgh and that area, but that we depend for a good many of our jobs on what we sell abroad. Our coal miners, in our district are smart enough to know that we just cannot Balkanize our United States and that we cannot Balkanize our free world into small self-sufficient and antagonistic economic units. We have to give and take. We know that if we can sell some things abroad, we can buy other goods that come into the United States cheaper and save money, which will mean money in our pockets to buy other American goods, instead of having to pay high prices. We know that a broad market is the making and strength of America and each community in America.

I am one of those who yesterday voted for an open rule because I wanted to give these complaining industries a chance, those who felt that they were hurt, to speak on this floor and have full opportunity to state their case to this House, the President, and the country. I voted against the motion to order the previous question to permit amendments, and then I voted for the Brown amendment which I felt was fair. But when it came to the point of defeating this legislation finally and sending it back to the Committee on Ways and Means by voting against the rule, I changed my vote and voted for the closed rule because I must put principle and policy above method. I am sorry that the gentleman from Ohio in charge of his amendment would not compromise to get an agreement along the lines recommended by Mr. KELLEY of Pennsylvania, Mr. CORBETT, and myself.

May I say further, if the motion to recommit is passed, it will have no further effect than we have now because it leaves whatever action is to be taken to the discretion of the President.

May I ask the gentleman from New York [Mr. REED] if he would look at his proposed motion to recommit, because it says that the President "shall take action," without saying, first, what kind of action the President shall take; second, it does not limit the President from delegating the action to the Department of State, the National Security Council, or any other board or agency in this Government.

The gentleman from Illinois brought up the fact that the President has delegated some of his powers on foreign policy to members of his Cabinet, particularly the Secretary of State and the State Department. What is wrong with

that? It has been customary with every President to do the same. Under the motion to recommit the same thing can be done because the motion leaves it in the discretion of the President without limitation to take whatever action the President shall see fit. If anybody can show me the limiting provision on the President's action under the motion to recommit, I would like to hear it. I do not believe it is there and I hear no response.

Let us go a little bit further. I stand here as 1 of the minority of 2 of all the Congressmen—Republican and Democrat—in Pennsylvania because 28 out of the 30 Pennsylvania Congressmen voted against the final and decisive 193-to-192 vote on the rule yesterday, and just the gentleman from Philadelphia [Mr. SCOTT] and I stood with the administration for the reciprocal trade bill. Nevertheless, I stand with the leadership of both Houses of Congress—with the Speaker; with the former Speaker, the gentleman from Massachusetts [Mr. MARTIN]; the gentleman from Indiana [Mr. HALLECK]; the Republican whip, the gentleman from Illinois [Mr. ARENDS]; the minority leader, the gentleman from Massachusetts [Mr. McCORMACK]; and the gentleman from Tennessee [Mr. COOPER], chairman of the Ways and Means Committee. These are the men that have led the policy of this House. I think it would come with ill grace for any of us to say that they are acting against the best overall interests of the United States or the best interests of our national security, or that we are not standing with this administration for the best policy for all the American workers.

When I stand up and say I am with the United States Chamber of Commerce and our local chambers of commerce, and with the farm organizations and all the major union organizations except one in the United States, by their authorized leaders saying that this is the overall policy for the United States, I believe we from our own districts should rise above these sectional interests. We should say that we have to look at the United States policy as a whole, and not raise high walls and restrictions among industries by log-rolling nor yet go back to the old high-tariff-law days that we had in this country at one time.

We want a friendly Nation. We want a country that lives among friendly nations. If you look back in history you will find the nations such as Rome, Greece, Syria, and the other nations that rose up with a much higher standard of living than other nations, were cut down from the outside. We should continue to be one of the nations who have stood as peoples who are friendly and cooperative, and have helped other free nations defend themselves, such as we have done over the past few years. We now should not turn our backs on these allies and friends in the free world, but should ask them to stand with us in prosperity in the free world as a whole, rather than have a tremendously prosperous America and allies who are on the breadline.

So I ask you today please to consider the point of view of the free world, to consider the point of view of the cham-

bers of commerce, the labor unions, the administration, the President and all the Cabinet officers, and the leadership of both Houses on both sides in this Congress.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. REED of New York. I would like to call the gentleman's attention to something I called to the attention of the House last night:

Under article I, section 8, subdivision 3 of the Constitution of the United States it is stated that the Congress shall have power "to regulate commerce with foreign nations, and among the several States, and with Indian tribes."

Famous jurists of this country have held that that is the second most important provision of the United States Constitution.

In 1780, 7 years before this Constitution of the United States was drafted, Massachusetts put into its Constitution what became the classic statement of the American theory of the division of governmental power:

In the government of this commonwealth the legislative department shall never exercise the executive and judicial powers, or either of them; the executive shall never exercise the legislative and judicial powers, or either of them; the judicial shall never exercise the legislative and executive powers, or either of them—to the end that it may be a government of laws and not of men.

There is not the slightest question in my mind that the pending bill is unconstitutional. I can prove that very definitely. The Members on the floor know that that is true because we are eventually going to be in this international GATT organization in which the gentleman has taken such a vital interest, and after the 3 years are up, we will have abrogated that second most important provision of the Constitution of the United States.

Mr. FULTON. May I disagree with the gentleman and say that I, as a lawyer, believe the bill is constitutional.

Mr. REED of New York. I expect you to disagree, my dear friend. I would like to say this for the benefit of the people and the rest of the Congress here because I sincerely believe that the most important thing we can do for the welfare of this country is to adhere strictly under our oath of office to the provisions of the Constitution of the United States.

Mr. FULTON. May I ask the gentleman from New York a question. Why then under your motion to recommit is the power given to the Tariff Commission, which, although set up by Congress, is a branch of the executive or administrative part of the Government, when you say we should feel it should be administered only by the legislative branch—the Congress? There you are likewise giving it to a part of the administrative and executive branch of the Government just as we, who want to give it to the President, are doing that likewise. We are doing just what you are doing except that I disagree with the gentleman from Illinois—I trust the President of the United States on this trade policy, too, as well as the narrow ground of security alone.

Mr. MASON. The Tariff Commission is an arm of the Congress and was so set up; and it never should have been relinquished. It will be the Congress that would be acting when the Tariff Commission sets rates.

Mr. FULTON. But you do give it to the Tariff Commission administratively to be the last word in making a decision, and Congress is not overruling it by any reserved power in this bill.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. REED of New York. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I know that in the heat of debate sometimes a little politics is played. It has been intimated here, of course, that I am against the President. I think the best proof of where I stand with the President was made last year on a program which went through with the opposition on the other side fighting him to death. I do not propose to be pushed into any such position. I am a friend of the President. I want to make it perfectly clear that all you have to do is to look at the record which was made last year by the Committee on Ways and Means, and I also want to say that what I am saying is not criticizing the distinguished chairman on the other side.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. REED of New York. Mr. Chairman, I yield 30 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN. Mr. Chairman, I rise today in support of the extension of the Reciprocal Trade Agreements Act as it comes out of the Committee on Ways and Means. This subject has given me great concern, as, indeed, I know it has given all of you great concern. I come from a great industrial district. I come from a district that is very strongly in support of the tariff, and, I might add, all my life's savings and earnings are invested in this home community. That community has been good to me. I would be the last one to do anything which I thought would be detrimental to them. I rise in support of the legislation because I believe the national interests require that this bill be extended. I believe, too, that instead of impairing any of our industries it will stimulate trade to the end that we can have what we all seek—a busy America and an American economy based on peace rather than war. All industries must of necessity benefit from a prosperous America and a prosperous world.

Our country is now very closely associated with the other countries of the world. We can eat our lunch in New York and our dinner in London. This shows how closely the world has become knitted together. Therefore, we must recognize the value of trade with each other.

This legislation contains the peril point and the so-called escape clause, which properly enforced will give protection to the American industry.

I have had several talks with the President relative to this legislation. I have expressed to him the deep concern

that many of us have for the industries in our districts. I specifically spoke to him about the great textile industry, which employs 2,400,000 people, as well as the jewelry and silverware industry. The result of those conversations convinced me that President Eisenhower has no intention of destroying any industries in this country. He knows that if America is to fulfill the destiny I believe is ahead for America, we must have a prosperous country. He knows that stagnant industries, of idle workers, and distressed conditions do not help bring about what he plans, and neither would it help the rest of the world which depends upon our country pushing ahead, a prosperous and a united people.

A little while ago the President sent to me a letter, which, with your indulgence, I shall read to you:

THE WHITE HOUSE,
Washington, February 17, 1955.
The Honorable JOE MARTIN,
House of Representatives,
Washington, D. C.

DEAR JOE: I was concerned to learn from you that there are Members of the Congress who are not wholly familiar with my philosophy respecting H. R. 1 and with my concept of the administration of this program. I send you this letter to eliminate any misunderstanding that may exist.

This point I should like especially to emphasize: Few programs will contribute more fundamentally to the long-term security of our country than the foreign-economic program submitted to the Congress on January 10. This program, built around H. R. 1, will powerfully reinforce the military and economic strength of our own country and is of the greatest importance to the well-being of the free world. The program underlies much of our military effort abroad and promises our people ultimate relief from burdensome foreign-assistance programs now essential to free-world security. It recognizes the creditor status of America in the world and assures leadership of our people in the easing of unjustifiable trade barriers which today weaken all who are joined in opposition to the advance of communism. These considerations underlie my earnest advocacy of H. R. 1. I deeply believe that the national interest calls for enactment of this measure.

I wish also to comment on the administration of this legislation if it is enacted into law. Obviously, it would ill serve our Nation's interest to undermine American industry or to take steps which would lower the high wages received by our working men and women. Repeatedly I have emphasized that our own country's economic strength is a pillar of freedom everywhere in the world. This program, therefore, must be, and will be, administered to the benefit of the Nation's economic strength and not to its detriment. No American industry will be placed in jeopardy by the administration of this measure. Were we to do so, we would undermine the ideal for which we have made so many sacrifices and are doing so much throughout the world to preserve. This plain truth has dictated the retention of existing peril-point and escape-clause safeguards in the legislation.

I want to say further that this same philosophy of administration will govern our actions in the trade negotiations which are to begin next week at Geneva.

You are aware, of course, that by law this program will be gradual in application. A key provision of the bill limits to 5 percent of existing tariff rates the annual reduction in these rates permissible over a 3-year period, and unused authority will not carry forward from year to year. You know, too, that this program will be selective in appli-

cation, for across-the-board revisions of tariff rates would poorly serve our Nation's interests. The differing circumstances of each industry must be, and will be, carefully considered. The program, moreover, provides for reciprocity, and in the program's administration the principle of true reciprocity will be faithfully applied. Americans cannot alone solve all world trade difficulties; the cooperation of our friends abroad is essential. With such cooperation, this program provides the means for doing our part to help emancipate free-world commerce from the shackles now holding back its full development.

For the reasons I have here outlined, I hope that H. R. 1, which is so important to every American citizen and to the free world, will receive the wholehearted support of the Congress.

Sincerely,

DWIGHT D. EISENHOWER.

In previous years it has been the custom to give authority to the President in the revision of tariffs. I see no reason why that rule should be changed at this time. I have faith in Dwight D. Eisenhower. I think he is a great American; I believe he is honestly and genuinely interested in but one thing; that is, to build up this great country of ours. He is not President for any material or personal gain; he was elected President in order that he could bring this country through safely to better days.

He realizes, as you do, that there are some countries in this world that need trade concessions. I understand, too, if we are to hold Japan in the fold of the free world and prevent the extension of communism, we must give them a chance to live. The only way we can give that nation a chance to live is to trade with her.

I also understand that the price of national security which I believe is contained in that trade should not be borne by any one industry or any one country. Our national security is that of 160 millions of people and we all should contribute as well as the other free nations of the world in keeping that nation on the side of the free world. President Eisenhower knows this. He would not permit a basic industry like the cotton industry with its 2,400,000 workers to suffer. To do so would be for his own administration to suffer.

So, Mr. Chairman, believing as I do in Dwight Eisenhower, and having full faith in his loyalty to American industry, I favor this legislation, and I hope it will be adopted by an emphatic vote.

We can trade with the rest of the world to the mutual advantage of all.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, it is certainly not my intention to consume 10 minutes of the committee's time, but I do want to remind you of a few things that happened in the last 24 hours on the floor of this House.

Yesterday, when the leadership, both on the Democratic and Republican sides, was face to face with a defeat in ordering the previous question, their plea to you was: "Do not make your fight here. Wait and vote to recommit the bill." That is what they told you. Today they are telling you a different story. Now

they do not want you to recommit the bill. It is an altogether different situation today.

Mr. Chairman, the only time I desire to take is to remind the Members that we lost the fight yesterday and this is our last opportunity to defeat what has been referred to yesterday as a gag rule. This will be a motion to recommit with instructions, and it will cover some of the major items that you wanted to put in the bill in the form of amendments yesterday.

So my plea to you today, as it was yesterday, is to stand firm. It was nice to listen to the very excellent reading by the minority leader of the letter from our President. He cannot be too much concerned about this matter because the ticker just now carried the information that he had gone out to the Burning Tree Club to play golf. While my Democratic friends are pleading and bleeding for him, he is playing golf.

Mr. RABAUT. Mr. Chairman, the partisans of trade restriction and economic isolation are men who have little faith in the true meaning of free enterprise and in the great strength of an energetic and adaptable America. They have filled the press with their impassioned statements and delivered to committees of the Congress their frightened warnings of the collapse that threatens us if we pass the bill H. R. 1 in substantially its present form.

Long hearings have been held to listen to these pleas and to weigh them dispassionately in the light of national interest. All the evidence of experts in the field who did not have some private claim to expound have agreed that this Nation needs a bold and forward-looking program of international cooperation in economic affairs. This does not represent a giveaway of American strength; rather it is an acceptance of the fact that we do not want to live alone in this world, that in truth we cannot, and our trade policies must take this into account. Our standard of living, our military, defense, and our employment depend upon access to foreign sources of supply and foreign market outlets.

The Trade Agreements Act represents a minimum step in the direction of the kind of trade policy that is required. There are few who now are going to change their position on the measure or who have not been heard. Let us move with decision; let us put national welfare above narrow interests; and we shall have done what is within our power to keep America pointed toward prosperity and progress. Of course any change in trade policy creates its problems, and they must be met individually in the interest of justice. But the best service that can be done any community or any industry is to have all America strong, and liberalized trade in keeping with the free-enterprise system is important to that strength.

I urge that the full 3-year extension of this act be approved.

It is unlikely that conditions will change so materially in that span of time that annual review is required. And if it should be required, it would be the privilege of the Congress to undertake a

review of our needs. Only a 3-year minimum period will give the stability to business arrangements that is required if useful trade is to develop. Having gone to the trouble to investigate so thoroughly this grave issue, and having prepared a program that offers hope for the future, the least we can do is to determine a firm policy to put before the world and before our own trading and business interests for the period of the next 3 years. America needs a positive program for its foreign trade relations, and the Trade Agreements Act offers the guidance which is required.

PROTECTION FOR THOSE AFFECTED BY NATIONAL TRADE POLICY

Mr. JOHNSON of Wisconsin. Mr. Chairman, I wish to address myself to the need of some followup legislation to protect those who might be adversely affected by economic conditions created by our national trade policy.

Many sectors of American agriculture are dependent upon selling a large part of their output abroad. Between a quarter and a half of our entire production of cotton, corn, and wheat is exported. Farm products representing about 30 percent of the value of farm marketings are highly dependent on export markets.

Other countries are anxious to buy more from us, but they are limited by their dollar earnings. Increasing the demand for United States exports depends upon increasing the supply of dollars abroad. The main way of doing this is by increasing United States imports. Trade is a two-way street. The vast demand for American products abroad assures us that most dollars spent in other countries will come back here in one way or another in the form of increased orders for United States exports.

Most other countries of the free world are a great deal more dependent on foreign trade for their economic health than we are. Because of this, their future economic growth and health depend on whether they have sufficient opportunity to expand their trade with each other and with us. Our tariff policies are a vital part of an intelligent foreign policy.

I do not believe that United States farmers—and this includes all types of farmers from the cotton to the dairy farmer—who produce for export or who produce commodities that must compete with imports should be asked to bear the full cost, in regard to this production, of an intelligent and realistic foreign policy.

Incidentally, other domestic and raw material and industrial producers should have this same consideration. The benefits of better international economic cooperation accrue to all the people; therefore, temporary costs involved should be borne by all the people. This means that in the case of both export and import, programs and policies should be established—as they have in the case of the International Wheat Agreement and the Sugar Act program—to spread the costs to all people instead of putting all of them directly on the small number of producers concerned.

No United States farmer or other producer—whom we expect to remain in

production—should be required to produce for export or to meet the competition of imports at any price less than full parity prices. Furthermore, no business enterprise, industry, or laboring man should suffer adverse effects from the enactment of this act.

Therefore, immediate steps should be taken to put into effect not only adequate price-support legislation for the protection of the farmer, but also legislation to provide assistance to communities, industries, enterprises, and individuals in the adjustment of their productive activities to the economic conditions created by the national trade policy.

Mr. FOGARTY. Mr. Chairman, I speak in behalf of industry and labor in the Second Congressional District of Rhode Island—confronted with severe and in many cases unfair import competition.

The industries concerned principally are textiles, lace, costume jewelry and rubber products.

Secretary of Commerce Sinclair Weeks, in his testimony before the Ways and Means Committee on January 18 said:

Considering that rates on most manufactured products range from 10 to 35 percent ad valorem, a 5-percent reduction in the existing rates means, in the case of an item subject to 20 percent duty, a reduction of only 1 percentage point ad valorem per annum for 3 years. I am sure that a reduction at this rate over a period of 3 years could not work serious harm on efficiently managed United States industries and, if perchance, our generalization is ill-founded, the damaged industry has recourse to "escape clause" action.

Secretary Weeks further said:

And in addition we have the President's words in his first state of the Union message to the effect that this objective "must not ignore legitimate safeguarding of domestic industries, agriculture, and labor standards." I am completely confident that in this respect his views have not changed.

Apparently the President's views have changed, because the record shows that since his first state of the Union message to January 7, 1955, the President only approved 2 cases out of 9 recommended to him by the United States Tariff Commission for remedial action under the escape clause referred to by Mr. Weeks. One was the watch case, and the other, alsike clover seed. In the latter case the Commission's recommendation was accepted only in part by the President.

Secretary Weeks also said:

I should be the last to suggest that the present level of our tariffs is an important deterrent to imports. As a matter of fact, despite the remaining high tariffs on some products, our tariffs are among the lowest in the world.

Mr. Weeks is right in saying this. Thirty-four out of forty-two countries have higher average tariffs than the United States. This country is therefore the eighth lowest among leading trading nations of the world.

The Secretary of Commerce made another significant statement:

This is only another way of saying that we should continue the trade agreements legislation for the same reason as it was started

in the first place—as an important export promotion measure.

I think this statement needs no explanation—he hit the nail on the head.

There is the argument that is brought out by the proponents for the extension of the Trade Agreements Act that we must lower our tariffs further in order to encourage increased imports so that our foreign friends will obtain the necessary dollar exchange to pay for our exports. This is colloquially known as the dollar-gap hoax.

The following, for what it is worth, is a reproduction of a news item that appeared in the New York Times on October 7, 1954:

DOLLAR GAP IS LAID TO FUGITIVE CAPITAL

PARIS, October 6.—Prof. Robert Mosse, of the University of Grenoble, in an article published in the October number of the financial magazine *Banque*, concludes that the dollar gap in Europe has become a problem of fugitive capital from Europe.

The dollar gap, says Professor Mosse, has been the dominant economic question in foreign trade for the last 10 years. It was originally a question of lack of dollars, owing to Europe's deficitary trade, and became the classic explanation for all Europe's ills.

Professor Mosse says his studies show that though the dollar gap still persists, it is mainly because of the fact that European capital continues to take refuge in the United States.

"Statistics show," he says, "that foreign capital in the United States that figures in the balance of payments amounts to \$8,100,000,000, and that \$4,100,000,000 has been considered not to be regularly noted owing to errors and omissions.

"It can, therefore, be estimated that \$12 billion or \$13 billion has been invested newly in the United States from sources abroad. By deducting capital that has been withdrawn, amounting to \$6 billion or \$7 billion, this would mean that foreign investors have now \$6 billion to \$7 billion more invested in the United States than they did in 1946.

"The problem," concludes Professor Mosse, "is in reality no longer the lack of dollars abroad, but the abundance of dollars that have sought refuge or are exiled in the United States. European policy should, therefore, be turned toward attracting this capital back to the countries of origin."

This state of affairs appears to be substantiated by a study made by the International Monetary Fund dated August 31, 1954, entitled "The United States Payments Position, 1953-54." The study says that the outflow of gold and short-term dollar assets from the United States to other countries since 1951 through the first half of 1954 has amounted to approximately \$6,300,000,000.

In my State, unemployment is mounting every day. Working hours are being reduced in some plants, others are laying off part of their work force, and in other cases plants have had to shut down. The situation is acute in the lace and jewelry industries—and it is caused chiefly by imports that are taking away the United States markets for these domestic products.

More than 60 percent of the Nation's lace industry is located in Rhode Island, giving employment to some 10,000 workers. The lace industry in Rhode Island represents a \$35-million-a-year business, with a payroll of approximately \$15 million. These figures show how important a role the lace industry plays in

the index of prosperity in this comparatively small State.

Today our lace manufacturers and their employees face a struggle for survival against competitive imports. The greatest competitive factor in lace manufacture is wages. The machinery used in the worldwide lace industry is all made in England. Production techniques are generally the same. Consequently, when an American manufacturer pays \$3 an hour in wages, the British manufacturer pays 59 cents for similar work, and the French manufacturer pays 39 cents, naturally the British and French have an almost insurmountable advantage.

Foreign producers receive additional subsidies and encouragement for exports from their governments. For example, France rebates to her lace producers the social security taxes paid in behalf of French workers whose products go into export.

The only way to offset such a marked competitive advantage for foreign lace is through an equalizing or compensatory tariff. This would enable American manufacturers to meet this unfair price competition on an equal footing.

In 1938 and 1939 and the early part of 1940 our industry was being exterminated by a tremendous influx of French imports, made possible by tariff reductions in trade agreements with France in 1936 and Great Britain in 1939.

The fall of France in May 1940 ironically saved the industry from certain annihilation.

H. R. 1 would authorize additional reductions under conditions in which the industry already has found itself defenseless.

The only way of meeting this competition would be through wage cuts. Is that what this bill is actually up to? Wage competition is at the very heart of this import trouble.

Pressure on wages is the natural result. Further tariff reductions would increase this pressure.

Ninety percent of the Nation's costume jewelry industry is located in Rhode Island, providing jobs for 25,000 wage earners. Here, too, the workers are troubled and uneasy over the threat that unfair foreign competition holds for their future.

The original 1930 rate on costume jewelry was 110 percent ad valorem. This rate was reduced in 1943 in the Mexican Trade Agreement, since abrogated, to 55 percent ad valorem. The 55 percent rate was bound at Geneva in 1948 under GATT.

This item—paragraph 1527 (a) (2) of the Tariff Act of 1930—is on the proposed list of products to be negotiated next month with Japan within the framework of GATT.

The only reason for having it on the list is for further binding since it has been reduced to the maximum 50 percent under the present trade agreements act. However, if H. R. 1 is passed in its present form, it would give the Executive authority to reduce this rate further by 5 percent a year for 3 years or by 15 percent.

Imports of costume jewelry principally from Japan have increased steadily since 1939. Imports during 1939 amounted to only \$100,000, while in 1953 they amounted to \$6,629,000. These figures speak for themselves.

Mr. Chairman, for the reasons outlined, I object to the passage of H. R. 1 in its present form.

H. R. 1 would delegate such complete powers to the President that he could enter into any type of trade agreement he should deem expedient.

H. R. 1 is much more than a tariff or trade agreement bill. It contains provisions that would go far to strip Congress of its authority and responsibility to regulate our foreign commerce.

This delegation of power would soon pass, under the manipulation of the Department of State, to an international organization, namely, GATT and thus destroy our autonomy and the responsiveness of Congress to the voters.

Mr. RHODES of Pennsylvania. Mr. Chairman, it is my intention to support H. R. 1, the Trade Agreements Extension Act of 1955, because I am convinced that it will serve the long-range best interests of our people, our Nation, and the entire free world.

As reported, the bill retains safeguards in the present law—the so-called peril-point and escape-clause provisions—which I feel will afford protection to American workers and to American manufacturers from the mass flooding of our markets with foreign goods produced under lower wage levels and corresponding lower standards of living. I am wholly in accord with the objectives of these safeguarding provisions and will oppose any effort to eliminate them from the bill.

We cannot forget, Mr. Chairman, the tragic consequences of worldwide depression which followed the shortsighted protectionist policy of the Republican administrations of the 1920's and the enactment of the high-tariff Smoot-Hawley Act of 1930.

The Reciprocal Trade Agreements program, originally initiated 20 years ago in the Roosevelt administration under guidance of Secretary of State Cordell Hull, has resulted in tariff reductions throughout the world and in unprecedented increase in world trade.

We are now at the crossroads of our national trade policy. In 1953 President Eisenhower requested that an impartial study of our foreign economic policy be undertaken. Distinguished Americans from business, labor, and agriculture, as well as Members of the House and Senate were appointed to serve on the bipartisan Commission.

This so-called Randall Commission issued its report in January 1954. In the area of foreign trade policy, the Commission recommended that the President's powers to negotiate trade treaties under the Reciprocal Trade Agreements Act be extended to 3 years and that he be authorized to reduce existing tariff rates by not more than 5 percent a year. Adequate provisions for public notice and hearings procedures for interested parties were recommended. Retention of the peril-point and escape-

clause provisions was also urged. H. R. 1 does much to implement the trade recommendations of the Randall Commission.

There can be no doubt that there are many American workers employed in industries which face competition from foreign-made goods. On the other hand many other Americans are employed in industry equally dependent on our exports to other countries of the world. In a minority statement on one aspect of the Randall Commission report, David J. McDonald, president of the United Steelworkers of America, CIO, proposed a program of Government assistance to communities, workers, and employers in cases of injury due to tariff changes necessary in the public interest. I am in accord with legislation introduced this session by Representative WILLIAMS, Democrat, New Jersey, H. R. 229, to provide such assistance to alleviate hardships caused by trade policy adjustments.

However, Mr. Chairman, it seems to me that the problems created by expanding foreign trade cannot be solved by the reestablishment of high tariff barriers which would ultimately drive our allies into the arms of the Soviet trade bloc; neither is the complete answer to be found in periodic reductions in our own tariffs to reciprocate similar reductions by other free nations with whom we trade.

The only positive solution lies in the expansion of our own economy in order to create enough new job opportunities to absorb the growing labor force and to provide the necessary goods and services for our ever-expanding population. A healthy, full employment economy has little to fear from expanding world trade. In fact, the overall strengthening of our domestic economy is a necessary corollary to a liberalized trade program.

Under the Employment Act of 1946 the Federal Government is charged with the responsibility of maintaining maximum employment. It was a great disappointment to me that the President, in his economic report to the Congress, failed to recommend policies and action necessary to discharge that responsibility.

Unemployment in many industrial areas of this country continues to be a grim specter which blights the lives of millions of American workers and their families. In addition to the hardships inflicted, the continuing unemployment of well over 3 million of our potentially productive citizens has deprived our Nation of an estimated \$30-\$40 billion in gross national product in 1954 alone. The Republican big business fear of abundance has been revealed in the ill-fated hard-money policy of the Eisenhower administration in 1953, the 1954 trickledown tax philosophy granting relief for upper income groups, and is now shown again by Old Guard reactionaries opposing the 1955 reciprocal trade bill.

Mr. Chairman, H. R. 1 has received the overwhelming support of a vast number of spokesmen for business, labor, farm, veteran, consumer, and other public-spirited groups. I would like to conclude my remarks by quoting witnesses from a few of these representative American groups who testified in favor of this legislation.

Mr. Charles H. Percy, president of Bell & Howell Co., Chicago:

I believe with the utmost conviction that a gradual liberalization of our foreign trade policy will help to further improve the efficiency of American industry, will increase our productivity, lower our unit costs of production and increase our standard of living. At the same time, it will strengthen our allies, weaken our enemies, and provide a greater measure of security to our country.

Mr. James B. Carey, secretary-treasurer, Congress of Industrial Organizations:

The United States cannot pick and choose and deal only in the items that we need to import and export. Instead, the United States must engage in gradual, continual, and, in many instances, reciprocal reduction of the barriers to international trade. Reciprocal trade is essential for the maintenance of production in many of our own basic industries and equally essential for the preservation of sound international relations with our allies. Improved economic well-being of the countries throughout the world is one means by which Communist aggression can be stopped. Economic well-being and improved international trade relations go hand in hand.

For these reasons we are happy to support H. R. 1, which will extend and continue the Hull reciprocal trade program.

Statement by American Federation of Labor:

The American Federation of Labor does not endorse either the extreme position of free trade or the extreme position of protection. We believe that trade policy can prove a useful tool for reducing the dollar gap, for persuading other countries to lift their trade restrictions, and in general for strengthening the economic basis of the free world. We believe that to achieve these objectives, this country should continue its policy of negotiating tariff adjustments, to use the President's phrase, "on a gradual, selective, and reciprocal basis." The importance of the terms "gradual" and "selective" must be emphasized. * * *

We believe that if the adjustments negotiated under this proposed program are, to use the President's words, "gradual, selective, and reciprocal," they need not operate to curtail employment opportunities for American workers.

Mr. David J. McDonald, president, United Steelworkers of America, CIO:

If I had the slightest feeling that increased trade, particularly imports, would be injurious to the American workingmen, I would not be here today supporting a policy of trade liberalization. It is precisely because I believe that it is in the interest of the American workers and our people generally, that I am happy to continue to support a liberal trade policy at this critical juncture of American history.

Statement by United States Chamber of Commerce:

Through increased trade, the Nation's economy benefits. That is true just as much in world trade as it is in domestic trade. More goods at lower prices has been the very heart of the American competitive enterprise system, the trade-agreements program can contribute to the health of that system.

By continuing the trade-agreements program, the United States can lead from strength—the strength of a growing, dynamic, resilient economy.

Mr. Charles B. Shuman, president, American Farm Bureau Federation:

We are expanding our domestic markets. We must expand our foreign markets.

To maintain a prosperous agriculture, we need export markets of around \$4 billion per year at present prices. We have the capacity to supply an even larger foreign demand.

We think our foreign economic policies should be geared to these export needs. Enactment of H. R. 1 is an important step to gear up to this need.

Mr. James S. Patton, president, National Farmers Union:

Many of us produce products which have traditionally entered into export trade, like cotton, wheat, tobacco, hogs, and certain fruits. We know that the export market for these crops is important to us and that it depends on low trade barriers abroad, on prosperity and buying power in foreign countries, and especially on foreigners' supplies of dollars. We know that foreigners can obtain dollars chiefly by selling goods and services to citizens of the United States and that the amount they can sell depends in part on how much we are willing to buy.

Mr. BOLAND. Mr. Chairman, I rise in opposition to H. R. 1 and support the motion of the gentleman from New York to recommit the bill to the Committee on Ways and Means. I want it understood that I am not a protectionist and I believe in a trade policy that stimulates the markets of the world. In the 83d Congress, I voted to extend the Trade Agreements Act for another year. I did this in the belief that a trade program would be developed that would meet the legitimate complaints of those industries that have been unduly injured by the Nation's present trade policy. Those complaints have not been resolved and the Tariff Commission in some instances has ignored the protests of industries that are slowly on the way to certain death.

Mr. Chairman, there is no doubt in my mind as to what my particular responsibility is on this important matter. I have the obligation to speak for my constituents and in their best interests. Where the welfare of my people is vitally concerned, it is incumbent upon me to protect, by adequate and proper legislation, their health and their livelihood. I must do so in this instance.

The industry of my locality is greatly diversified. There are thousands gainfully employed in the textile, chemical, machine tool and electrical goods industries. They are vitally affected by the importation of foreign made goods. The record clearly indicates that it is becoming increasingly difficult for these industries to meet the growing competition of imports. The reports are saturated with the effect that foreign goods, cheaply manufactured, have upon local industries. It takes no imagination to realize for it is already established fact that a domestic company paying an average of \$1.79 an hour cannot continue to compete with foreign plants paying hourly wages of 46 cents and lower.

Mr. Chairman, one of the outstanding authorities on the economy of New England is Mr. Seymour E. Harris. Mr. Harris is a professor of economics and a member of the graduate school of business administration faculty at Harvard University, where he has taught for more than 30 years, in which 20 of those years have been in international economics. He was chairman of the New England Textile Commit-

tee appointed by the conference of New England governors and was responsible for the report on the New England textile industry. In his appearances before the Ways and Means Committee, he gave an excellent summation of the problems that face New England. A reading of his brief which appears in the committee hearings details the effect that a lowering of tariffs would have on our New England economy. I am indebted to him for many of the facts which have assisted me in resolving my attitude on this proposal.

Mr. Chairman, further relaxation of tariffs in the textile industry could very well be its complete undoing. Continued reduction of tariffs in this field cannot be defended when the facts disclose that, if the decline in the textile industry in New England persists, it would disappear from New England within 8 years. Government policies have increased the higher prices of food and raw materials and in like manner have depressed the prices of manufactured goods through removal of tariff restrictions. In New England, we are further injured by Treasury operations that have taken from our locality over \$1 billion net, about 7 percent of its income. Under the accelerated amortization tax relief, the main competitors of New England profited at the expense of New England. Since 1919, we have lost over 200,000 jobs in the textile industry. No wonder we are concerned. The question we ask is, Is it fair to impose additional losses on New England textiles in the light of the problems? It does no good to tell us that we ought to adjust to other industrial fields. That is one of the arguments used by proponents of legislation leading toward tariff reductions. The geographical location of New England in the northeast corner of the United States, the problem of distribution, the unwillingness of industrialists to establish new industry involving the transportation of bulky raw materials, all of these are factors that place New England in a difficult position to adjust to other industries. And so, it is absolutely necessary to keep and protect what we have. We cannot long do this if we legislate today in a manner that does injury to New England. I trust that this House will vote to recommit this matter to the Committee on Ways and Means.

Mr. DONOHUE. Mr. Chairman, I have never been, nor am I now, opposed to the basic principles underlying our trade agreements program.

Nevertheless I am conscientiously constrained to look upon this measure here today, of vague language and sweeping new grants of Presidential authority, with grave doubt and serious question that has, so far, not been convincingly resolved by any evidence offered by the proponents of the bill.

The attempt to bring this bill before the House under a closed, or gag, rule to prevent the introduction and democratic disposition of remedial and clarifying amendments is to be regretted. The limitation of two days of debate on a subject of such vital importance to the nation and the world is, in my opinion, an unfortunate reflection upon the inter-

est and understanding of the membership, well intentioned as such action might have been. This reflection was vividly revealed, and the resentment manifested, when the closed rule prevailed by the very narrow margin of a single vote. For these reasons alone one would be inclined to vote against the measure in order to obtain the opportunity for the longer and more detailed discussion and consideration the subject merits. However, there appear to be much deeper grounds to question this bill in its present form. Certainly it does not completely conform with the sentiment expressed in the President's own statement on trade policy contained in his state of the Union message February 2, 1953, when he declared:

This objective must not ignore legitimate safeguarding of domestic industries, agriculture, and labor standards.

Nor does it conform with the statement contained in the report of the Commission on Foreign Economic Policy that—

American labor should not be subjected to unfair competition as a part of any program to expand our foreign trade.

Even the advocates of this bill admit it will inevitably visit great hardships upon great numbers of employees and many industries in certain sections of the country, such as New England, where textile manufacturing and innumerable other products will be hardest hit. Yet there are no provisions or proposals, nor are we permitted to offer any for adoption, in this measure to prevent the imposition of serious economic suffering upon such American workers and industries.

My main objection therefore, to this bill before us, is that a fair and just trade program should not deliberately discriminate in favor of foreign producers and against American labor and manufacturers.

It is indeed well to help other people and encourage the loyalty of our allies but we are impelled to ask of what lasting benefit will that be if in the process we generate widespread deterioration of morale among our own wage earners in large sections of the country.

Therefore a great many of us here, trying to conscientiously represent our people, very deeply feel that the tariff cutting features of this bill, should be wisely held in abeyance until, with Government assistance, new industries are encouraged and developed for areas that would be so disastrously affected and proper precautions are taken to safeguard the employment opportunities rightfully belonging to so many patriotic American working people. Toward that objective labor, industry and all levels of government should sincerely cooperate.

It is truly not a simple or easy problem to solve but it is just as truly our representative responsibility to work out a fair trade program that will be fair to Americans as well as our foreign friends. I earnestly hope the House will vote to recommit this bill for the sole purpose of writing in new provisions designed to prevent great hardships from falling upon many regional industries and workers, not to mention other provisions to retain and preserve essential defense

resources that we can ill afford to dissipate in the face of threatening Communist aggression.

Mr. OLIVER F. BOLTON. Mr. Chairman, although I am unable to be present during floor debate today because of my incarceration in the hospital, I have asked my whip to pair me against further extension of the reciprocal trade agreement program. I have done this only after long and serious consideration and much study, particularly over the past 2 months. I am so voting, not because I do not believe in foreign trade, because I do, but rather because I believe the reciprocal trade program as it is now constituted is not truly reciprocal nor does it tackle the heart of the problem.

I would be the first to admit, even to suggest, that if we are to build a strong, free world, we must build strong trade relations in it. But, I do not believe this bill and this program, based as they are on the multilateral lowering of tariffs, accomplishes this objective. To put it another way, it weakens the hand of our negotiators in dealing with other nations. It does not give them an opportunity to bargain effectively.

The way I understand that the so-called reciprocal trade policy has functioned in the past, both under the present administration and its predecessors, the tariff policy of the United States has been considered far more as an arm of United States foreign policy than as a part of our domestic economic policy. It does not take into account that foreign trade, though perhaps tremendously involved with foreign policy is, nonetheless, a part of our domestic economic policy and that trade decisions should be made first from the standpoint of their impact upon our economy at home. In other words, tariff changes should be made only where they will not substantially affect our domestic economy.

Moreover, this policy does not take into account the limitations other than tariffs placed upon our exports by other nations; nor does it take into account products imported into this country on which there is no tariff control and on which some other type of protection must be evolved.

Were the United States a high-tariff nation and were the dollar gap in international finance large, I might vote to continue the present program. But we are not a high-tariff nation, compared with others, and the dollar gap is narrow.

I voted last year for a 1-year extension of the reciprocal trade program because I hoped that out of it would come a restudy on a broad economic front which would introduce some new answers to the whole trade question. I cast my vote today only after much soul searching for I not only have tremendous admiration and respect for President Eisenhower and his concern for the welfare of our country and of the free world, but I also have equal admiration and regard for the Secretary of the Treasury, the Honorable George M. Humphrey, whose capacity and good judgment I have learned to respect over

many years. Nonetheless, I was elected to represent the 11th District of Ohio and to support my own judgment and convictions, and this I must do. Therefore, my vote against this bill is not a vote against reciprocal trade but rather against a program which I am unable to see is either reciprocal or fair to the American businessman or worker.

Mr. TOLLEFSON. Mr. Chairman, the people of my State and of the whole Northwest are gravely concerned with several aspects of tariff legislation. I trust the House will give serious consideration to our problems when it undertakes to vote on the pending measure. I should like to say to the Members the same things I mentioned to them in March of last year. At that time I stated that a great number of our important industries and their employees are dependent on the production of goods and products which are being driven from the domestic market by cheap imports, made possible largely by low wages paid abroad.

Among these are the raising of tulips, iris, and daffodils; the tuna and Pacific groundfish industries; the hardboard and plywood producers; and the Northwest tree nut growers. And now imports of cheaply produced red raspberries from abroad are beginning to threaten red raspberry growers in my district. Let me read a letter which I have today received from a berry growers association in my district.

The thousands of people directly dependent on these industries for their livelihood face critical times unless this Congress faces up to its responsibilities and realistically revises our foreign trade and tariff structures to afford them needed protection.

Just let me cite a few examples.

The two States of Washington and Oregon are the center of the production of daffodils, iris, and tulips in the United States. In my district, alone, are grown some 30 million King Alfred daffodils annually—more than are grown in all of Holland. But faced with growing imports of foreign flowers, produced at the low-wage rates prevailing there, the growers of the Northwest are facing bankruptcy. An excess of foreign bulbs are being dumped on the United States market at prices below the cost of domestic production.

As a result, in 1952 domestic growers, even after selling most of the crops below cost, were forced to destroy their unsold surplus amounting to about 25 percent of all their iris and 20 percent of their top-quality narcissus.

The reason for this depression is not hard to find. A March 1953 report by the United States Tariff Commission showed that between 1937 and 1952 the import duty on narcissus bulbs from the Netherlands was lowered from \$6 per thousand bulbs to \$3, and the number of bulbs imported jumped from 6 million to more than 28 million. Likewise, between 1950 and 1952 the ad valorem duty on iris bulbs was reduced from 10 to 7½ percent, and the total of bulbs increased from 50 million to nearly 70 million, or about 40 percent.

Another important industry to the Northwest which is being seriously hurt by cheap imports is the manufacturing of hardboard. Six of the nine domestic producers of this vital national-defense item are located in Washington or Oregon, and of 7 more domestic plants under construction under the target-expansion goal set by the Defense Production Administration, 3 are in Washington and 3 are in Oregon.

Now, at the very time that this tremendous Government-encouraged expansion of domestic hardboard capacity is being completed, and when current domestic markets are shrinking and a buyer market is being encountered, the domestic industry is facing constantly increasing imports of foreign hardboard from Sweden, Finland, and Canada.

Particularly the Scandinavian hardboard has been coming into more and more ports and is being sold at lower and lower prices—far below the prices domestic producers can afford to charge.

As a result of the reciprocal-trade agreements program, the United States duty on foreign hardboard was reduced from 30 percent ad valorem in 1930 to 15 percent in 1936, and since 1947 has been cut to \$7.25 per ton, or not less than 7½ percent nor more than 15 percent ad valorem.

Census Bureau figures I have recently seen indicate that through the first 8 months of 1953 imports of hardwood increased 65 percent from Canada over the like period of 1952, that they were 3 times greater from Finland and 8 times greater from Sweden.

These vastly increased imports have already had a serious impact on the domestic industry. One producer has been forced to lay off more than 350 employees; another reports production cutbacks of 50 percent, and others have gone on 2- to 4-day workweeks or have cut down on shifts.

Another industry in the forestry field which is of prime importance to the people of the Northwest is the manufacture of plywood. The industry, likewise, is suffering from a lack of adequate protection, and plywood made in Japan, at wage rates drastically below those of our own workers, is now coming into this country in greater and greater volume.

Another great and vital industry to the Northwest, as well as to the whole west coast, is the taking and processing of fish. This includes the taking and distribution of tuna, salmon, halibut, and otter-trawl and drag fisheries. There are several thousand ships and an estimated 20,000 or more fishermen employed directly in the taking of these fish, plus many thousands more who make a living from the processing and distribution of them.

And, yet, with imports from Japan and South America growing at an alarming rate, these American ships will be driven from the seas and the American factories closed up unless relief is granted soon.

In 1953, more tuna was imported from Japan than was produced domestically. Other import threats are comparable, and will continue to become more dan-

gerous unless protection is granted the domestic producers.

It is simply impossible for American fishermen or processors to compete with the Japanese. The average American fisherman, for example, in order to live must earn at least two times as much as the Japanese fisherman is paid. Cost of boat construction, gear, repairs, and so forth, are all much higher in this country. Foreign competition has already forced a number of our fisheries and processing plants out of business or compelled them to greatly reduce operations. With many of our seacoast towns depending on the fisherman and his earnings, this depression in the fishing industry has a far-reaching and serious effect on entire communities.

The groundfish fleet in the Pacific Northwest has shrunk from some 250 boats a few years ago to only about 40 today, and imports have increased 1,100 percent since 1940, from 9 million pounds in 1941 to 102 million pounds in 1952.

Canadian fishermen and processors earn an average of 98 cents an hour, while their American counterparts make an average of \$2.04 per hour.

The industry must have immediate tariff and quota protection if it is to survive, and its thousands of workers continue to earn a living.

There are many other industries, such as the raising of tree nuts, including filbert which are important to the Northwest, where tariff and trade policies are critically hurting Americans.

The nut industry has consistently sought relief from the Tariff Commission under existing provisions of section 22 of the Agricultural Adjustment Act, and under the countervailing duties and antidumping laws from the Treasury Department. But this relief has just as consistently been denied them.

We in the great Northwest believe firmly in trade and commerce among the nations. We will encourage it whenever it is fair trade and in the best interests of America. But we do not believe this Nation should deliberately follow a trade policy that forces American businesses to close and puts American citizens out of work; that opens up our domestic markets to goods produced at substandard wages which would be illegal in the United States.

I respectfully urge my colleagues to bear these facts in mind when they vote on the pending measure, H. R. 1.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. SIMPSON].

(Mr. SIMPSON of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I have requested this time to express my approval and endorsement of the recommittal motion which will be offered in due course and upon which we will have a chance to vote.

Mr. Chairman, I listened very carefully as our distinguished minority leader read a letter from the President of the United States, a carefully worded letter, a letter written after great thought un-

questionably, yet a letter which in no wise stated opposition, if you please, to the motion to recommit to be offered by the gentleman from New York [Mr. REED]. I suggest that the reason for this is that the recommittal motion, when it passes, will lead to bringing the bill back immediately for passage with the amendment as provided. I suggest, further, that inasmuch as the administration had full and complete knowledge of what the recommittal motion will be, the President, had he been fully determined that the bill should not be amended, would have stated so in the letter which he wrote and sent here.

When this bill came before the Committee on Ways and Means—and I was there for practically every day of the hearings—I repeat, when the bill came before the committee, it contained, among other things since stricken from it, a proviso that the President, this man whom we all honor and respect, the bill then contained a provision that the President might in one of these reciprocal trade agreements trade off and in effect abrogate or cancel the provisions of section 22 of the Agricultural Adjustment Act; that barrier, if you please, that tariff which properly protects the farmers of the United States as we proceed to conduct farming in our country with price supports of which I approve. So I say to you, there is no stigma attached to any proposal which removes from the President one of the most onerous and difficult jobs that a past Congress imposed upon a former President of the United States. Having made a mistake some years ago in empowering another President, forcing upon him the obligation of changing a decision reached by a Tariff Commission—that in itself should be no objection to our subsequently correcting that error. That is what we are trying to do in this recommittal motion.

Think well for a moment of your own congressional district. Perhaps it is a district wherein, as the gentleman from Mississippi who spoke this morning said, the major operation of his district is completely protected by an embargo, or because you produce some goods which cannot be produced elsewhere in the world, or perhaps has a tariff protecting your industry which is not among the thousands that will be cut in these Japanese negotiations starting next week, or perhaps there is some other barrier protecting, generally speaking, as the gentleman from Louisiana said, where there is a quota upon the importation of the highly competitive products from Cuba with a product of that gentleman's district. Oh, it is easy for those gentlemen to come in here in the interest of their own constituency and advocate that the tariffs be cut somewhere else in the world. There are some Members here who have congressional districts where right today little factories in the textile field or oil or coal mines or the manufacture of bicycles or scarves or any one of a dozen different items—you know what they are—where those factories have shut down or are going to shut down in the near future because of

what has happened under existing law with respect to tariff cuts. They are afraid of what may happen in the immediate future in further cuts which they anticipate in the tariff.

Mr. Chairman, those industries—and you know what they are in your own congressional district—have come to you repeatedly in past years and have said, "We need relief." And what have you told them? You have told them to go to the Tariff Commission and, in accordance with the law of the United States, under the escape-clause provision—perhaps you said "a clause for which I voted to protect you, my own neighbors in my own congressional district"—to go to the Tariff Commission and make out a case and prove that the injury which caused them to shut their plant down was due to tariff cuts, and they would get relief.

And those people have been coming in here, unless there were some who realized that perhaps no good would come by their coming here, for the decision reached by the Tariff Commission would be overruled by the action of the President.

Yet, acting in good faith, you advised them to come, and they have come to Washington and they have made out their cases. They have hired attorneys, which has meant \$5,000, \$10,000, \$15,000, \$20,000 of expense or more, to present their cases to the Tariff Commission. They did the very best they could.

They make out a case and they persuade the Tariff Commission—yes, unanimously—that the Tariff Act, by reason of changes in reciprocal trade agreements, has caused them injury or threatens to put them out of business. The Tariff Commission makes a recommendation that assistance be given to that industry, and then—and this is the unjust part of this escape clause—some competitor of that man, some importer, some man who makes his money by bringing goods in from abroad, goes around to some other agency, perhaps to the Department of Commerce, or in some way or other he gets word to the President of facts which were not in front of the Tariff Commission and which may be compelling and effective and true and should have been and would have been grounds for the Tariff Commission to make a different decision. But he brings them in, and the President, acting properly at that time, overrules the Tariff Commission's findings. Then the situation is that the constituent of the Member of Congress, having been told that he would have a fair hearing here in Washington, has not had a fair hearing, because he has had no opportunity whatever to reply to the word that came in by the back door, if you please; that word that never went to the Tariff Commission, that word which influenced the President to overrule the Tariff Commission.

We are undertaking to correct that. We are undertaking in this motion to recommit to provide that when your neighbor comes to Washington to appeal to the Tariff Commission for relief from unjust and unreasonable cuts in the

tariff which are threatening his existence—we are saying to him, "You are going to get a fair hearing in Washington. No longer will there be a back-door approach by your competitor, because the Tariff Commission will be the sole source of the information upon which the decision whether to help you or not will rest, unless it is a national security matter. And then every one of us bows to the decision of the President, if he is willing to state that irrespective of the finding of the Tariff Commission, the Nation's security requires some action other than that recommended."

That is all we are doing in this. Oh, there will be those who will rise and point out a lot of technicalities and allege that we are doing things that we think we are not doing. But, my friends, if you want to be able to stand up and tell any of your constituents that you have done the least little thing, one minor thing, anything, if you please, to help him, to help that unemployed worker, to help the man who complains about the imports of any product, whatever it may be. If you want to provide him with the proof that you have tried to help him, you have got to vote for this recommittal motion. If you do not, you are telling him in effect, "We want you to continue under the same method of partial relief that has been followed up to date, a method by which your opponent can come in through the back door and make arguments which he should have presented to the Tariff Commission."

That is what we are up against. I urge respectfully that those who want to do right by their friends and neighbors back home support this motion.

I was on the Randall Commission. I did not agree with their findings. While I have the chance, I should like to point to one suggestion they made with which I am not in complete disagreement. That is, that the escape clause and the peril-point provision—and it is printed here in heavy ink in their book of recommendation—should be retained. However, the statute should be amended expressly to spell out the fact that the President is authorized to disregard findings under those provisions whenever he finds that the national interest of the United States requires it; a recommendation, if you please, that we spell out the limits of the authority within which the President should be able to disregard the findings of the Tariff Commission. They use the words "national interest" in this, and I say that "national security," the words used in the recommittal motion to be offered by the gentleman from New York [Mr. REED], are likewise words which include the national interest of the United States.

Mr. DORN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. DORN of South Carolina. I wish to commend the distinguished gentleman from Pennsylvania for so ably presenting our cause here today.

Mr. SIMPSON of Pennsylvania. I thank the gentleman.

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from Pennsylvania.

Mr. KEARNS. Could the distinguished gentleman tell us this: Can we tell our constituents and our industries and the men who work in the plants that they can have the utmost faith in this Commission and the President, that when an industry is threatened in the United States of America they are going to have protection?

Mr. SIMPSON of Pennsylvania. The President of the United States names the members of the Commission. All the witnesses will then come in before the Tariff Commission. Those who presently go around to the back door, who do not even go to the Tariff Commission, when they know they are going to be bound by the findings of the Tariff Commission will present their evidence direct to the Tariff Commission.

Mr. KEARNS. I commend the gentleman.

Mr. KELLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. KELLEY of Pennsylvania. What benefit would this amendment have for the coal industry?

Mr. SIMPSON of Pennsylvania. I thank the gentleman for bringing that matter to my attention. It is a very vital matter.

In the law, where authority is provided to the Tariff Commission to act under the escape clause, the Tariff Commission is permitted to make recommendations as to the kind of remedy it thinks should be given and which, if given, would give relief to the complainant or the applicant.

Assume that the coal industry makes a case before the Tariff Commission so that the Tariff Commission wants to help. Then it has the authority to say, "We direct that a quota be imposed upon the importation of that product"—namely, residual oil, which is in the gentleman's mind—"which is causing the injury to the coal industry."

Mr. KELLEY of Pennsylvania. It is my impression that the Tariff Commission has taken the position heretofore that the complaint of the coal industry should not be given attention because there is no importation of coal to compete with our own coal, and that oil is another product.

Mr. SIMPSON of Pennsylvania. It is true it is another product, but it is competitive, and the law permits the competitive phase to come into the matter. I am sure that given the finding of facts by the Tariff Commission, namely, the injury to the coal industry as the result of the importation of residual oil, the Tariff Commission could recommend the imposition of a quota.

Mr. KELLEY of Pennsylvania. Does the gentleman think it would, under the amendment?

Mr. SIMPSON of Pennsylvania. I certainly would urge it.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. CURTIS of Missouri. Is it not true that a vote to recommit would in effect be a tightening up of the procedures under this law, while a vote against the bill itself would not in any way affect the treaties that are already in existence? In fact, they go on into perpetuity.

Mr. SIMPSON of Pennsylvania. The reciprocal trade agreements already in effect remain in effect irrespective of what we do here today. Should we approve the recommittal motion, we would be writing into the law a provision which would apply to the tariff cuts already made under existing trade agreements.

Mr. COOPER. Mr. Chairman, may I inquire whether the gentleman from New York has any further requests for time?

Mr. REED of New York. Mr. Chairman, we have no further requests for time.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. MILLS] to close debate on the pending bill.

Mr. MILLS. Mr. Chairman, I find myself today on the side of some very illustrious people in support of the bill, H. R. 1, introduced by my distinguished friend, the gentleman from Tennessee [Mr. COOPER], to carry out the trade program recommended to the Congress by President Eisenhower. I find on the floor the Speaker of the House and the former Speaker of the House in support of the program, and I always welcome an opportunity when I can side with those two gentlemen when they are joined together in any undertaking. I think it is worthy of consideration by any Member of the House that these two very outstanding Americans who have served so long and so eminently in the House of Representatives are joined together on this important issue.

Mr. Chairman, I hesitated to trespass upon the time of the House, but after over 3 weeks of hearings in the Committee on Ways and Means on the bill, I came to certain very definite conclusions and impressions about what we ought to do in this very trying time, and I wish my colleagues would permit me the opportunity of taking just enough time to give you some of those impressions.

These hearings, it is universally agreed, offered the committee an opportunity to learn fully the views of both the proponents and the opponents of the legislation. As my colleagues on the committee know, I devoted a considerable amount of time to hearing the testimony offered and I made every effort to understand and appreciate the views of those who appeared before us. I feel that the time was well spent and that the committee and this Congress have benefited from this review; that in a truly constructive sense, it has made a contribution to the legislative process.

It is difficult, if not impossible, to listen to 3 weeks of testimony on a piece of pending legislation that is of such considerable importance to the welfare of the Nation, without coming away

with some fairly vivid impressions. I should like to share with you the major impressions that I have gained and that have led me to the conclusion that passage of H. R. 1 without amendment is essential to the national interest.

The importance of this legislation to the national interest was evidenced by the weight of testimony in support of the bill on the part not only of the Cabinet officers of the administration, but also of the major public and civic organizations representing every sector of the economy. There was universal recognition that an expansion of foreign trade has been good and will continue to be good for employment and production, for the consumer and the taxpayer, and for our international relations. And this was not denied by most of the witnesses on the other side. They usually agreed that an expansion of trade was good for the country—provided their own industry was protected.

The wide geographic representations in support of the bill gave evidence that these gains have been spaced across the economy, to the advantage of every State and county. The pervasive nature of the effect of foreign trade on our economy was illustrated by the information we received on the relationship of foreign trade to other component parts of our gross national product. With a gross national product of about \$360 billion in 1953, exports of merchandise alone accounted for 4.3 percent of the total and exports of merchandise and services for 5.8 percent. Now 5.8 percent may not by itself bulk very large. But compared with the other expenditure items that go to make up the gross national product and which, therefore, sustain employment and account for our high standard of living, this 5.8 percent is important indeed.

We think of cash receipts from farming as being crucial and they are; yet this element accounted for 8.6 percent. Residential nonfarm construction is often regarded as a bellweather of our economy, yet its percentage share was 3.3 percent, less than the 5.8 percent accounted for by exports. Business purchases of capital equipment, another important and dynamic contributor to the gross national product, made up 6.7 percent. Should there be any proposal to restrict or hamper the growth and development of any of these sectors of the American economy, the hue and cry raised would be very vigorous indeed, and rightly so. Yet to endanger our exports is viewed in certain quarters as not dangerous at all. We are not talking about something infinitesimal.

Five and eight-tenths percent of a gross national product of \$360 billion is \$20 billion and with a total employment of 65 million, we can conclude that close to four million jobs depend on this export trade. In some instances, for individual firms and enterprises, export trade is far more important than the average of 5.8 percent. One-third of our exports were accounted for by products which rely upon foreign markets for more than 25 percent of their sales. Agricultural products are important of course. For example, in the crop year

1952-53 which was a year of low exports, we exported one-fourth of our wheat and one-fifth of our cotton, and over one-fifth of our tobacco. But export sales are no less important for the industrial sector of the economy. We do not often hear, for example, that 6 percent of our cotton textile production is sold abroad as against imports equal to one-half of 1 percent of production. Exports of synthetic fabrics are 7.1 percent of total production, while imports were only one-fifth of 1 percent. Actually, 70 percent of our total exports consist of manufactured goods, produced with highly paid American labor and with American capital and know-how.

This fact alone bears examination. How can we continue to sell abroad \$20 billion worth of goods and services in competition with lower wages abroad? How is it that foreigners are so anxious to buy our goods that they have not as yet been able to earn all the dollars that they want in order to satisfy this demand for our products. The answer came out sharp and clear. It is because of our greater productivity, our ingenuity and the wealth of our resources. These have contributed to the amazing growth of our economy over the past 20 years, just as they have contributed to the expansion and increased competitiveness of our exports. It was surprising to me to learn, as I sat and listened to the testimony of the opponents of this bill, that almost all the industries that appeared in opposition to H. R. 1 had participated in this growth. Not only that, but many of them had a sizable stake in exports; certainly in my judgment more of a stake in exports than they had reason to fear imports. The chemical industry was well represented in opposition to the bill, yet its total sales have grown by 10 percent a year until they reached \$20 billion in 1954. It exported \$900 million of its products, while imports of chemicals were less than one-third as much. And not more than a fraction of these imports could be regarded as competitive with domestic production. The cotton textile industry exports 6 percent of its production, above the national average, and exports are 10 times the amount of imports. We were told by representatives of the industry that our domestic textile mills are the most efficient in the world and many of their products can compete anywhere and the record proves it.

Our coal producers have not participated in the growth of the economy in recent years. Since 1947, the peak year of bituminous coal production, demand fell off by 155 million tons, of which export demand fell by 35 million tons. Yet the coal industry still sold abroad in 1953, 34 million tons of coal and we were told by representatives of that industry that American coal can outsell European coal in the European market, if only Europeans could earn enough dollars.

The committee heard about a dozen representatives of the domestic petroleum-producing industry. They opposed H. R. 1 and urged the committee to impose a quota on crude-oil imports. Yet this is an industry which has increased its production from \$1.3 billion in 1939 to

\$6.4 billion in 1953. Their proposal would drastically reduce oil imports from the Middle East and Indonesia and create the gravest of problems in our relations with those areas.

And then the committee heard some representatives of the electrical equipment industry express their concern about foreign competition in the field of United States Government purchases of heavy electrical equipment for powerplants. This industry produced in 1954 \$17 billion, exported in 1953 \$800 million, while imports were \$35 million. In heavy electrical equipment, imports amounted to 2 percent of United States production. The most important recent Government contracts for this type of equipment have been awarded to United States manufacturers by virtue of their low bids. This demonstrates to me, taken in the light of their export figures, that they are perfectly able to compete with foreign manufacturers if they have to, but if they can avoid it by opposing this bill they will be happy to do so.

We also heard from the photographic industry. One gentleman, president of a very successful firm, stated he was prepared to accept competition from any quarter because he felt it was in the national interest. Another gentleman, president of another firm, stated that he feared the effects of future competition, yet his firm has had perhaps the most phenomenal expansion in sales and assets in the last 10 years in the entire industry.

By what distortions of economic logic, we may ask, do the representatives of these great and dynamic industries arrive at their opposition to H. R. 1? How can they reconcile their opposition to imports with their own important economic interest in continued and expanded exports abroad? We can fairly conclude that this defies reason. This is nothing but fear. Time and time again we learned, through inquiry, that it was not the present which troubled them but it was only the future they feared. And in many cases, it was this same fear that prompted their opposition to the trade-agreements program throughout its long and successful history.

Can we assume that these people are better prophets today than they have been over the past 20 years? Can we afford to make legislation of such importance to the Nation on the basis of the unreasoned timidity of a few? Can we safely undercut and circumscribe this modest bill by making exceptions for each and every commodity that alleges fear of future injury?

We cannot. We dare not do that if we seek to serve the interest of the Nation. And I would add that neither would it be serving the real interest of those who oppose the legislation.

Mr. Chairman, I resent as an affront to commonsense the proposition that imports are bad. Aside from the fact that the simple arithmetic of foreign trade tells us that we cannot export if we do not import, we must recognize that imports themselves are employment creating and add to our standard of living. The bulk of our imports, I should say 80 percent, enter this country in raw

or semifinished form. A large part of their final value is added by American industry here at home. This sustains production and employment and results in a flow of cheaper goods to the consumer.

What we are concerned with in this legislation are the imports that now enter the United States over the duty. Out of a total of merchandise imports of \$11 billion in 1953, there were almost \$5 billion of dutiable imports. We are concerned with \$5 billion of imports compared to a gross national product of \$360 billion. For these imports, it is proposed in H. R. 1 that the authority be given to reduce duties by 15 percent over a 3-year period, that duties be reduced by a maximum of 50 percent where there are no imports or imports are negligible, and that those duties which exceed 50 percent ad valorem can be reduced to 50 percent ad valorem. This is very modest authority.

Compared to the authority of the 1945 act which permitted a maximum reduction of duties by 50 percent, H. R. 1 is indeed moderate. In the case of about one-third of all dutiable imports, the 50-percent authority has been exhausted. In the case of another one-third, it has not been used at all. For the remaining third, something less than the full 50-percent authority has been used.

In this last case, the authority that remains under the 1945 act exceeds in many instances that contained in H. R. 1. We can conclude, therefore, that if the maximum authority contained in H. R. 1 were used, it would represent an increase in authority to reduce tariffs, as compared with the present authority, for perhaps only one-half of all dutiable imports.

By giving up the authority of the present act for H. R. 1, we are substituting, in effect, the ability to make selective reductions in duties on commodities which can bear these reductions. Moreover, we are providing that these reductions take place gradually over a period of 3 years. Retained also in the bill are the peril-point and the escape-clause provisions which, before the fact of a tariff reduction, as well as after, afford a restraint on the extent of that reduction. We must conclude that, by any test, this is minimum legislation which would mark modest progress along a well-tread path.

The fact that this bill contains adequate safeguards needs emphasis. I have given this matter much thought. I am convinced that the peril-point and the escape-clause provisions of law are adequate as they now stand. We have in operation today machinery to implement both these provisions; machinery which provides an opportunity for the careful review of all issues and the interests of all parties. In the crucial area of safeguarding our defense-essential industries, I am satisfied that the so-called Symington amendment to the Trade Agreements Extension Act of 1954 expresses clearly the intent of the Congress in this vital area. We must recognize that the responsibility for administering our national defense programs resides in the Executive, and that, accordingly, the

national defense aspects of our foreign-trade policy will be given due consideration. We certainly have no reason to assume that this has not been the case in the past or that it will not be the case in the future.

But there is a larger and broader problem of national security bound up in the passage of H. R. 1. That is the contribution that can be made to the growing strength and solidarity of the free-world community. Not the least important of the considerations that fall under this heading is the need for expanded trade within the free world as an alternative to the expansion of trade with the Soviet bloc. Passage of H. R. 1 would serve an essential need, therefore, of our foreign policy.

By failing to enact this legislation or by seeking to amend it we would be running the risk of undercutting our bipartisan foreign policy. This is the real issue of national security involved in this legislation.

Mr. Chairman, we have made in the postwar period a substantial investment in the economic strength and military security of the free world. The \$32 billion of economic aid alone that we have given our friends and allies has been described by Sir Winston Churchill as "the most unsordid act in human history." We can begin to secure, for our benefit, the good returns on that investment by enacting the legislation that is now before us.

Mr. Chairman, a fair question is—has anyone proved a case against enactment of this bill? The record will indicate that none has.

During the hearings I heard testimony from some of the great industries of the country talking about what would happen to them under this program. For 12 years, my friends, I have heard the same argument time and time again by the opponents of the bill. All of those industries, without exception, have enjoyed a growth under this program, almost without exception. They have all enjoyed a part of this export trade.

I heard the textile people say, "We are fearful of what will happen in the future to the textile industry." I heard them say it 12 years ago. I heard the chemical industry, which is enjoying a ratio of 3 to 1, exports as against imports, say to the committee, "We are fearful of what will happen in the future." I heard them make the same statements 12 years ago. Yes. We heard the oil people talk about what is happening to them, an industry that has grown from \$1,500,000-000 in 1939 to in excess of \$6 billion in 1954. During all these years we have all heard that over and over again. Then we heard the coal people tell us, "If you will put a quota on the importation of residual oil, and deprive the people on the Atlantic Coast of enough residual oil to permit us to produce 11 million more tons of coal, it will go a long way toward a solution of the problems which we have."

I ask my friends from the coal industry who have seen, as I have already pointed out, the consumption of coal drop since 1947 by 155 million tons, 35 million of it in losses on exports, if that

is all they have to hold out as a ray of hope to the people involved in this great industry. It is not all the hope that I have in mind for them. The great thing that the coal industry wants today to restore itself is an increase in exportation of coal. That is what you need. Are you going to get it by opposing this legislation? Are you going to get it in this amendment that will be offered in a motion to recommit? I have been told that the coal industry has not found a way to go to the Tariff Commission to make a case under the escape clause. I have been told that by people in the coal industry. The only thing you could put in this bill that would have done one scintilla of good, if even that, would have been an import quota on residual oil, and that is not in the motion to recommit with instructions that will be made by the gentleman from New York [Mr. REED]. What would have happened to the oil industry, according to your own statement? Nothing but a quota on the importation of crude oil, but there is nothing in the amendment that will be offered by the gentleman from New York that would permit the imposition of quotas. The Department of Defense has always said that the importation of crude oil is necessary in the national interest.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. SIMPSON of Pennsylvania. Is it not true that the Tariff Commission could have recommended a quota on the importation of oil, if it saw fit to do so?

Mr. MILLS. Exactly. But you say in your motion that the President does not have to follow the Tariff Commission when the national security is involved.

Mr. KELLEY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. KELLEY of Pennsylvania. You spoke about crude oil.

Mr. MILLS. I was talking about both.

Mr. KELLEY of Pennsylvania. Crude oil is dumped on the eastern shores—

Mr. MILLS. The gentleman means residual oil?

Mr. KELLEY of Pennsylvania. I mean residual oil.

Mr. MILLS. I have spoken of residual oil.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. GAVIN. Certainly the gentleman knows that in our defense it is necessary to maintain the production that we now have and build up tremendous reserves so that in event we did get into an emergency as we are now, we would have a reserve. You are permitting the importation of 1,200,000 barrels a day and killing the incentive of the independent producers to go out and find new reserves of oil, so that if we get into an emergency where we are cut off from South America and Iran, where would we get the oil to fight a war?

Mr. MILLS. I understand the gentleman's position.

Friends of mine in the oil industry have all in the last several years assured

me that our reserves of oil in the United States have grown, that they are not declining.

Let me get down to a specific discussion of this question in our committee if I may. The gentleman from Pennsylvania, I think, left the impression, or tried to, with the membership of the House that the President himself was not opposed to this motion to recommit today. I ask my friend the gentleman from Massachusetts, the minority leader, this question: If in his knowledge the President of the United States is for or against this motion to recommit? Would the gentleman answer my question?

Mr. MARTIN. The letter stated that the President is in favor of H. R. 1 as it came out of the committee. I have no direct knowledge as far as the motion to recommit is concerned, but from all the information I get, he is opposed to the motion to recommit.

Mr. MILLS. The gentleman from Massachusetts read a letter dated yesterday.

Mr. MARTIN. Yes.

Mr. MILLS. That was before the debate reflected that there was a specific motion to recommit and the President could not have known of it at the time he dictated the letter.

Mr. MARTIN. I think in all honesty to the Members of the House it can safely be said that he is opposed to the motion.

Mr. MILLS. I think the gentleman is entitled to speak for the President on any matter, and I take his view that the President is opposed to it.

Let us look now briefly at the argument of the gentleman from Pennsylvania, because he did not believe it was a mistake to give a former President of the United States discretion in removing these concessions under the escape clause provision. He voted for such at the time it was offered here, he voted to allow a Democratic President, mind you, to have discretion. Whether or not he would follow the recommendation of the President of the United States, the gentleman voted for it. Today the gentleman says that I cannot—and if I misquote the substance of the gentleman's statement I apologize—the gentleman in effect said today: "I cannot bring myself to believe that it is safe to turn over to the President of the United States responsibility for deciding whether or not the concession in a trade agreement shall remain in effect or be removed; I want that responsibility turned over completely to some commissioners who are not elected by the people of the United States. I want to turn it over to some people who are appointed to office."

I daresay that there is not a Member of the House who can get on his feet today and give the name and let alone the background of the 6 members of the Tariff Commission, or even 3 or 4 of them, who are now serving. What is so sacrosanct about the Tariff Commission as compared to the man who occupies the highest position not only in the land but the highest responsible office within the gift of man in the world to-

day? I certainly do not mean to imply that we do not have capable men on the Commission.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLS. Yes, I yield to the gentleman. Have I misquoted his position?

Mr. SIMPSON of Pennsylvania. I hope everyone will listen exceedingly carefully as to what I said a bit ago. I said that there was a back-door approach, namely, that complainants would not go and testify before the Commission but would go to other departments of government and get their case in where the complainant had no opportunity to object or to repeat their statement.

I say that every one of those words was used. This amendment was brought to our attention and was made by the gentleman who now objects to it.

Mr. MILLS. Wait a minute. Now, the gentleman knows I did propose an amendment in committee; and the impression has been spread around over the House that my amendment was the same as now being proposed by Mr. REED. I will read my amendment so everybody can hear.

Mr. SIMPSON of Pennsylvania. The amendment to which reference has been made was considered in the committee and the vote was 12 to 12.

Mr. MILLS. I will read it if he has not a copy and ask if it is in any respect like that in the motion of the gentleman from New York.

Mr. SIMPSON of Pennsylvania. I was referring to the gentleman's argument. I did not use the words that were read out.

Mr. MILLS. Let me read the amendment. There has been some doubt expressed about it. This is the sum and substance of it:

The findings and conclusions of a majority of the Commission respecting injury shall be given the fullest consideration by the President in making his determination.

What are you doing in your motion? You are telling the President that his judgment shall not prevail, you are telling the President only at a time when the national security is involved you will rely upon his judgment. Any other time it has got to be that of the Tariff Commission.

The gentleman from Illinois [Mr. MASON] let the cat out of the bag. He said that you could trust the President of the United States in military affairs. Is that the prevailing thought behind this motion? I hope it is not. I have greater confidence in any man who occupies the White House than to say that in some things I will trust him but in other things I prefer to trust somebody I may not even know, whose background and qualifications I may know nothing about.

Yes, Mr. Chairman, we will make a grievous mistake. We do not just affect this program as it relates to the future if we adopt this motion to recommit. What the gentleman from New York is doing by his motion is to strike the heart and the core out of everything that has been accomplished under present agree-

ments. I say to you advisedly that I would much prefer to have no extension of the Reciprocal Trade Agreements Act at all than to give the authority which they propose in this motion to recommit to hit at everything that has been done to now. This would undo our present agreements. Do not be misled, those of you who have come into the Congress for the first time, this is not a new fight. These fears are not newly expressed. Let me leave this thought with you, whether or not you want to look to the fears of something that might happen or do you want to look to the fears of doing some irreparable injury to our national interest itself at a time when the President has said he can cut down on some phases of our Armed Forces because we intend to emphasize the economic aspects of this fight in the cold war.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Pennsylvania.

Mr. SIMPSON of Pennsylvania. What would the gentleman do to help the unemployed or the industries which are suffering back in his own State? What will he tell them?

Mr. MILLS. I hope the gentleman is not going to take a position that you can help somebody who is unemployed by making somebody else unemployed through the elimination of the opportunity of exporting the surplus products that come from the farms and the factories of the United States, and I call your attention to the fact that 70 percent of all that was exported in 1954 came from our factories. It did not all come from the farms.

The CHAIRMAN. All time has expired. Under the rule the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means.

Mr. COOPER. Mr. Chairman, I desire to announce that there will be no committee amendments other than those appearing in the bill.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Page 3, line 7, after the word "Provided", strike out the balance of the line down to and including the word "paragraph" in line 8 and insert "That."

The committee amendment was agreed to.

The Clerk read as follows:

Page 3, line 11, insert "Provided further, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of organizational provisions of any foreign trade agreement entered into under this section."

The committee amendment was agreed to.

The Clerk read as follows:

Page 4, line 20, strike out "not being" and insert "normally not."

The committee amendment was agreed to.

The Clerk read as follows:

Page 4, line 21, strike out the word "being" and insert: "normally."

The committee amendment was agreed to.

The Clerk read as follows:

Page 4, line 24, after the period insert "This clause shall not apply with respect to any article unless it is identified in the list required by section 3 (a) of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1360 (a)), for possible consideration as an article which is normally not imported into the United States or is normally imported into the United States in negligible quantities."

The committee amendment was agreed to.

The Clerk read as follows:

On page 8, line 23, strike out the word "may" and insert "shall, as soon as practicable."

The committee amendment was agreed to.

The Clerk read as follows:

Page 11, line 3, after the word "intention", insert "to negotiate."

The committee amendment was agreed to.

The Clerk read as follows:

Page 11, strike out all of line 25 down to and including all of line 7 on page 13.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, pursuant to House Resolution 142, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en bloc.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. REED of New York. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. REED of New York. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. REED of New York moves to recommit the bill H. R. 1 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments:

Page 11, line 21, after "SEC. 4.", insert "(a)."

Page 11, after line 24, insert:

"(b) The second sentence of subsection (c) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (c)), is hereby amended to read as follows: 'If, as a result of investigations and hearings, a majority of the commissioners voting find that a product on which a concession has been granted is (as a result, in whole or in part, of the duty or other customs treatment reflecting such concession) being imported in such increased quantities (either actual or relative) as to cause or threaten serious injury to the domestic industry producing like or competitive products, such finding shall be final and conclusive and the President shall take action to prevent or remedy such injury unless he determines that the national security requires that no such action be taken. If the President does not, within 60 days, take the action referred to in the first sentence of this subsection, he shall immediately submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he has not made such adjustments or modifications, or imposed such quotas.'"

Mr. COOPER. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. REED of New York. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 199, nays 206, not voting 30, as follows:

[Roll No. 11]

YEAS—199

Abbutt	Davis, Wis.	Kearns
Adair	Dawson, Utah	Kee
Alexander	Devereux	Kelley, Pa.
Alger	Dies	Kilday
Allen, Calif.	Dixon	Knox
Andersen,	Dodd	Laird
H. Carl	Dolliver	Landrum
Andresen,	Dondero	Lane
August H.	Donohue	Lanham
Andrews	Dorn, S. C.	Latham
Ashmore	Dowdy	Lipscomb
Aspinall	Durham	McConnell
Auchincloss	Edmondson	McCulloch
Bailey	Ellsworth	McDonough
Baker	Engle	McIntire
Barden	Fenton	McVey
Barrett	Fernandez	Macdonald
Bates	Fino	Mack, Wash.
Baumhart	Fisher	Mason
Beamer	Fjare	Meador
Becker	Flood	Merrrow
Belcher	Flynt	Metcalfe
Bell	Fogarty	Miller, N. Y.
Bennett, Mich.	Forand	Mollohan
Berry	Forrester	Morgan
Betts	Gavin	Mumma
Blitch	Gentry	Nelson
Boiland	Granahan	Nicholson
Bosch	Gray	O'Brien, N. Y.
Bow	Green, Pa.	O'Hara, Minn.
Bray	Gross	O'Konski
Brown, Ga.	Gubser	Osmers
Brown, Ohio	Gwinn	Patterson
Budge	Hale	Perkins
Burdick	Haley	Pfost
Burnside	Hand	Philbin
Bush	Harvey	Phillips
Byrd	Hays, Ohio	Pilcher
Byrne, Pa.	Henderson	Poff
Byrnes, Wis.	Hiestand	Prouty
Canfield	Hill	Quigley
Carlyle	Hoffman, Ill.	Ray
Carnahan	Horan	Reece, Tenn.
Carrigg	Hosmer	Reed, Ill.
Cederberg	Hyde	Reed, N. Y.
Chenoweth	James	Rees, Kans.
Chudoff	Jarman	Rhodes, Ariz.
Colmer	Jenkins	Richards
Coon	Jennings	Riehlman
Corbett	Jensen	Rivers
Cretella	Johansen	Robeson, Va.
Curtis, Mass.	Jonas	Rogers, Colo.
Curtis, Mo.	Jones, N. C.	Rogers, Mass.
Davis, Ga.	Kearney	Rogers, Tex.

Rutherford
Sadlak
Saylor
Schenck
Scherer
Scrivner
Scudder
Seely-Brown
Selden
Shuford
Sieminski
Sikes
Simpson, Pa.
Smith, Kans.

Staggers
Taber
Taylor
Teague, Tex.
Thompson, La.
Thompson,
Mich.
Thomson, Wyo.
Tollefson
Tuck
Tumulty
Utt
Van Pelt
Van Zandt

NAYS—206

Abernethy
Addonizio
Albert
Allen, Ill.
Anfuso
Arends
Ashley
Avery
Ayres
Baldwin
Bass, N. H.
Bass, Tenn.
Bennett, Fla.
Biatnik
Boggs
Bolling
Bolton
Frances P.
Bolton,
Bowler
Boykin
Boyle
Brooks, La.
Brooks, Tex.
Brownson
Broyhill
Buchanan
Buckley
Burleson
Cannon
Celler
Chase
Chatham
Chelf
Chiperfield
Christopher
Church
Clark
Cooley
Cooper
Coudert
Cramer
Crumpacker
Cunningham
Dague
Davidson
Deane
Delaney
Denton
Derounian
Dingell
Dollinger
Donovan
Dorn, N. Y.
Doyle
Elliott
Evins
Fallon
Fascell
Feighan
Fine
Ford
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Gamble
Garmatz

Gary
Gathings
Gordon
Grant
Green, Oreg.
Gregory
Griffiths
Hagen
Halleck
Harden
Hardy
Harris
Harrison, Nebr.
Harrison, Va.
Hays, Ark.
Hayworth
Herlong
Heselt
Hillings
Hinshaw
Hoeven
Hollfield
Holmes
Holt
Holtzman
Hope
Huddleston
Hull
Ikard
Johnson, Wis.
Jones, Ala.
Jones, Mo.
Karsten
Kean
Keating
Kelly, N. Y.
Keogh
Kilburn
Kilgore
King, Calif.
King, Pa.
Kirwan
Klein
Knutson
Krueger
Lankford
LeCompte
Lesinski
Long
Loyre
McCarthy
McCormack
McDowell
McMillan
Machrowicz
Mack, Ill.
Madden
Magnuson
Mahon
Mailliard
Marshall
Martin
Matthews
Miller, Calif.
Miller, Md.
Miller, Nebr.
Mills
Minshall
Morano

NOT VOTING—29

Bentley
Bolton,
Oliver P.
Clevenger
Cole
Davis, Tenn.
Dawson, Ill.
Dempsey
Diggs
Eberharter
George
Hébert
Hess
Hoffman, Mich.
Jackson
Johnson, Calif.
Judd
Kluczynski
McGregor
Radwan
Riley
Shelley
Short
Siler
Smith, Wis.
Spence
Steed
Talle
Wolcott
Young

Mr. Steed for, with Mr. Spence against.
Mr. Dempsey for, with Mr. Shelley against.
Mr. Short for, with Mr. Judd against.
Mr. Cole for, with Mr. Kluczynski against.
Mr. Johnson of California for, with Mr. Bentley against.
Mr. Riley for, with Mr. Dawson of Illinois against.
Mr. Hoffman of Michigan for, with Mr. Diggs against.
Mr. Oliver P. Bolton for, with Mr. Jackson against.

Until further notice:

Mr. Davis of Tennessee with Mr. Siler.
Mr. Eberharter with Mr. Wolcott.

Mrs. ST. GEORGE, Mr. VELDE, and Mr. POLK changed their vote from "yea" to "nay."

Mr. REECE of Tennessee. Mr. Speaker, by misunderstanding, when the name of Mr. PRIEST was called, thinking it was my name I answered "yea." His name was called on the second rollcall. There is a possibility that my response was recorded after Mr. QUIGLEY's, and I wish just to call the attention of the Clerk to that possibility.

I voted "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. COOPER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 295, nays 110, not voting 29, as follows:

[Roll No. 12]

YEAS—295

Abbutt	Chatham	Frazier
Abernethy	Chelf	Frelinghuysen
Addonizio	Chenoweth	Friedel
Albert	Chiperfield	Fulton
Alger	Christopher	Gamble
Allen, Calif.	Chudoff	Garmatz
Allen, Ill.	Church	Gary
Anfuso	Clark	Gathings
Arends	Colmer	Gordon
Ashley	Cooley	Granahan
Aspinall	Cooper	Grant
Auchincloss	Corbett	Green, Oreg.
Avery	Coudert	Green, Pa.
Ayres	Cramer	Gregory
Baker	Crumpacker	Griffiths
Baldwin	Cunningham	Gubser
Barden	Curtis, Mass.	Hagen
Barrett	Curtis, Mo.	Haley
Bass, N. H.	Dague	Halleck
Bass, Tenn.	Davidson	Harden
Bates	Deane	Hardy
Becker	Delaney	Harris
Belcher	Denton	Harrison, Nebr.
Bell	Derounian	Harrison, Va.
Bennett, Fla.	Devereux	Hays, Ark.
Blatnik	Dies	Hayworth
Blitch	Diggs	Herlong
Boggs	Dingell	Heselt
Bolling	Dixon	Hiestand
Bolton	Dodd	Hill
Frances P.	Dollinger	Hillings
Bonner	Dolliver	Hinshaw
Bosch	Dondero	Hoeven
Bowler	Donovan	Hoffman, Ill.
Boykin	Dorn, N. Y.	Hollfield
Boyle	Dowdy	Holmes
Brooks, La.	Doyle	Holt
Brooks, Tex.	Durham	Holtzman
Brown, Ga.	Edmondson	Hope
Brownson	Elliott	Horan
Broyhill	Ellsworth	Hosmer
Buchanan	Engle	Huddleston
Buckley	Evins	Hull
Burdick	Fallon	Hyde
Burleson	Fascell	Ikard
Byrne, Pa.	Feighan	James
Byrnes, Wis.	Fernandez	Jarman
Cannon	Fine	Jennings
Carlyle	Fino	Johnson, Wis.
Carnahan	Ford	Jones, Ala.
Celler	Forrester	Jones, Mo.
Chase	Fountain	Karsten

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Hess for, with Mr. Hébert against.

Kean
Keating
Kelly, N. Y.
Keogh
Kilburn
Kilgore
King, Calif.
King, Pa.
Kirwan
Klein
Knutson
Krueger
Landrum
Lankford
Latham
LeCompte
Lesinski
Lipscomb
Long
Lovre
McCarthy
McConnell
McCormack
McDonough
McDowell
McVey
Machrowicz
Mack, Ill.
Madden
Magnuson
Mahon
Mailliard
Marshall
Martin
Matthews
Meador
Merrow
Miller, Calif.
Miller, Md.
Miller, Nebr.
Mills
Minshall
Morano
Morrison
Moss
Moulder
Multer

Mumma
Murray, Ill.
Murray, Tenn.
Natcher
Norblad
Norrell
O'Brien, Ill.
O'Hara, Ill.
O'Neill
Ostertag
Passman
Patman
Pelly
Pfost
Pilcher
Pillion
Poage
Polk
Powell
Preston
Price
Priest
Quigley
Rabaut
Rains
Rees, Kans.
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Richards
Riehlman
Rivers
Roberts
Robeson, Va.
Robson, Ky.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Rutherford
Sadlak
St. George
Schwengel
Scott
Selden

Sheehan
Sheppard
Shuford
Sikes
Simpson, Ill.
Sisk
Smith, Miss.
Smith, Va.
Springer
Sullivan
Teague, Calif.
Teague, Tex.
Thomas
Thompson, La.
Thompson, N. J.
Thompson, Tex.
Thompson, Wyo.
Thornberry
Trimble
Tuck
Udall
Vanik
Velde
Vinson
Vorys
Wainwright
Walter
Watts
Weaver
Westland
Wharton
Whitten
Wickersham
Widnall
Wier
Wigglesworth
Williams, Miss.
Williams, N. J.
Willis
Wilson, Ind.
Winstead
Wright
Yates
Younger
Zablocki
Zelenko

YAYS—110

Adair
Alexander
Andersen
H. Carl
Andresen,
August H.
Andrews
Ashmore
Bailey
Baumhart
Beamer
Bennett, Mich.
Berry
Betts
Boland
Bow
Bray
Brown, Ohio
Budge
Burnside
Bush
Byrd
Canfield
Carrigg
Cederberg
Coon
Cretella
Davis, Ga.
Davis, Wis.
Dawson, Utah
Donohue
Dorn, S. C.
Fenton
Fisher
Fjare
Flood
Flynt
Fogarty

NOT VOTING—29

Bentley
Bolton,
Oliver P.
Clevenger
Cole
Davis, Tenn.
Dawson, Ill.
Dempsey
Eberharter
George

Hébert
Hess
Hoffman, Mich.
Jackson
Johnson, Calif.
Judd
Kluczynski
McGregor
Prouty
Radwan

Riley
Shelley
Short
Siler
Smith, Wis.
Spence
Steed
Talle
Wolcott
Young

On this vote:

Mr. Hébert for, with Mr. Hess against.
Mr. Judd for, with Mr. Short against.
Mr. Prouty for, with Mr. Johnson of California against.
Mr. Jackson for, with Mr. Hoffman of Michigan against.
Mr. Dempsey for, with Mr. Riley against.
Mr. Kluczynski for, with Mr. Cole against.
Mr. Dawson of Illinois for, with Mr. Oliver P. Bolton against.
Mr. Shelley for, with Mr. Siler against.

Until further notice:

Mr. Spence with Mr. Bentley.
Mr. Steed with Mr. Wolcott.
Mr. Eberharter with Mr. McGregor.
Mr. Davis of Tennessee with Mr. George.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO REVISE AND EXTEND REMARKS

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members who spoke on the bill just passed may have permission to revise and extend their remarks.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

GENERAL LEAVE TO EXTEND REMARKS

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may have 5 legislative days within which to extend their remarks on the bill H. R. 1.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

ADJOURNMENT OVER TO TUESDAY NEXT AND LEGISLATIVE PROGRAM FOR NEXT WEEK

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Tuesday next.

Mr. ARENDS. Mr. Speaker, reserving the right to object, and I will not object, will the gentleman please inform the House as to the legislative program for next week?

Mr. McCORMACK. I will be very happy to do so.

Of course, there will be no session on Monday next if the unanimous-consent request is granted.

On Tuesday, which is George Washington's birthday, the Farewell Address will be read, and there will be no legislative business on that day.

On Wednesday, we will take up the bill H. R. 3952, the cotton-acreage allotment bill, and H. R. 2581, a bill providing for the construction of aeronautical research facilities. It is understood that if there is a rollcall in connection with either one of those bills, whether on recommittal, which I do not expect, or on the passage, such rollcall will go

over until Thursday. The leadership has an agreement to that effect.

On Thursday, we will take up the bill H. R. 4048, the Federal Voting Assistance Act of 1955, and there is the understanding that any rollcall, of course, will be had on Thursday.

There are several committee investigations and resolutions which have been reported out of the Committee on Rules, which will be taken up not before Wednesday, and other resolutions may be reported between now and that time.

Mr. ARENDS. I thank the gentleman and withdraw my reservation of objection.

Mr. COOPER. Mr. Speaker, reserving the right to object, I regret exceedingly having been so busily engaged here on the bill which has just been passed by the House that I have not had time to confer with the Speaker, or with the leadership, but I hope that consideration might be given sometime next week to the bill for the extension of certain existing excise, present corporate tax rates in the event that action can be taken and it can be ready for consideration.

Mr. McCORMACK. Of course with that notice, next week is so scheduled that the bill could be considered if it comes out of committee, but I want it distinctly understood that there will be no legislation before Wednesday and that if there is any rollcall in connection with legislation that is considered on that day it will go over until Thursday.

Mr. ARENDS. Then it is possible that the bill referred to by the gentleman from Tennessee [Mr. COOPER] could be considered on Thursday or Friday of next week.

Mr. JENKINS. Mr. Speaker, I shall object to that unless the gentleman from New York [Mr. REED] is consulted.

Mr. McCORMACK. The gentleman, of course, will recognize that the gentleman from Tennessee is just giving me information.

Mr. COOPER. I am just trying to give notice that something may possibly come along about taxes.

Mr. McCORMACK. The gentleman from Massachusetts is glad to get the information. There is nothing that the gentleman from Massachusetts has announced that will be inconsistent with the bills coming up next week.

Mr. JENKINS. All I am trying to do is to protect our committee and the gentleman from New York [Mr. REED], who has not been consulted.

Mr. McCORMACK. The committee is thoroughly protected.

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield.

Mr. REED of New York. This bill is a matter of considerable importance. It is essential in extending excise taxes to do it as quickly as possible before people go on a buyers' strike. So I think it is very important.

Mr. McCORMACK. The gentleman's committee has a meeting on Monday.

Mr. REED of New York. That is right.

So the bill was passed.

The Clerk announced the following pairs:

Mr. McCORMACK. Tuesday is Washington's Birthday. The gentleman would not be ready to bring it up before Thursday anyway.

Mr. REED of New York. Of course, I cannot say what will happen now.

Mr. McCORMACK. I knew, of course, that excise taxes were expiring, but I had no knowledge that there might be such immediate action by the committee. But the situation next week is such that of the committee reports it out the leadership can very easily cooperate with the chairman of the Ways and Means Committee in bringing the bill to the floor, but it would not be before Thursday.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent that when the House adjourns today it adjourn to meet on Tuesday next.

Is there objection?

There was no objection.

THE FEDERAL VOTING ASSISTANCE ACT OF 1955

Mr. O'NEILL, from the Committee on Rules, reported the following privileged resolution (H. Res. 149, Rept. No. 62) which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4048) to permit and assist Federal personnel, including members of the Armed Forces, and their families, to exercise their voting franchise, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on House Administration, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

COTTON MARKETING QUOTAS

Mr. COLMER, from the Committee on Rules, reported the following privileged resolution (H. Res. 150, Rept. No. 63) which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3952) to amend the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill

and amendments thereto to final passage without intervening motion except one motion to recommit.

CORRECTION OF REMARKS

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to amend the remarks which I placed in the Appendix of the RECORD on Monday, February 14. I wish to add 3 lines, and the words, "name, address, occupation" to the article which appears on pages A867-A868.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

CHAIRMAN AND VICE CHAIRMAN, FEDERAL RESERVE BOARD

(Mr. PATMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PATMAN. Mr. Speaker, on December 7, 1954, I wrote the President and asked that he consider filling the vacancy of chairman on the Federal Reserve Board and also to appoint a vice chairman so that we may have a duly constituted Board of Governors, including a chairman and vice chairman.

This morning I was notified by a spokesman for the President that he was appointing on the Board Charles Noah Shepardson, of College Station, Tex., to be a member of the Board of Governors of the Federal Reserve System. Nothing was said about the appointment of a vice chairman. I sincerely hope that a vice chairman is also appointed by the President.

Section 242 of title 12 of the United States Code under the subject of Selection of the Board of Governors it is stated:

Of the persons thus appointed, I shall be designated by the President as chairman and I as vice chairman of the Board to serve as such for a term of 4 years.

I sincerely hope that if the President has not already done so he will appoint a vice chairman of the Board.

A GLORIOUS RECORD

(Mr. PHILBIN asked and was given permission to extend his remarks in four instances at this point in the RECORD.)

Mr. PHILBIN. Mr. Speaker, I was highly privileged recently to receive an invitation to the exercises at Leominster in my district, celebrating the Jewish tercentenary observance.

It is of course most appropriate that loyal Jews and loyal Americans of Fitchburg and Leominster should set aside a time to hold exercises commemorating this historic and inspiring occasion.

The history of the Jewish people in America is one that cannot be read without profound emotional reactions of unbounded pride and deepest gratitude. Like the history of your people in other parts of the world it is marked by struggle and painstaking, unselfish work,

though unlike your experience elsewhere, it has happily never been accompanied by persecution, and that is surely to the glory of America just as your great and unexcelled contributions to our peerless Nation is to the glory of the Jewish people.

I wish that time and space permitted me in this communication to deal extensively with this soul-stirring record of religious loyalty, racial advancement, and public and patriotic contributions. History shows that there were Jews in the original colonies before 1650. In the year 1654 a company of Jewish refugees arrived from Brazil and settled in New Amsterdam, now New York City, where, though they were enjoined by the Dutch authorities from holding public religious assemblies, nevertheless established their own worship upon their arrival in the town which then embraced only 800 persons.

Like people of my own faith and other faiths throughout history, pursued by narrowness and prejudice, the Jews of New Amsterdam gathered among themselves in their homes in accordance with time-honored, age-old customs of your people just as soon as there were enough people to hold public worship. And it can be said to their everlasting credit that they scorned and ignored the threat of oppressive action against the profession of their religious beliefs.

In 1656 this gallant band established the first Jewish congregation in North America, Sheerith Israel—Remnant of Israel. These early beginnings have grown into the proud edifice of Judaism which we behold in America today. Strangely enough its first Rabbi was one Saul Brown who came to the congregation from Newport, R. I., and he officiated regularly at the synagogue. It was not long before other Jewish communities were formed—Rhode Island in 1658; in Savannah, Ga., by the Jews who came to this country with Oglethorpe; in Charlestown, S. C.; Philadelphia; Richmond, Va.—all in colonial times—so that in 1877 there were at least 277 congregations in this country. Of your own knowledge you realize how that number has grown, so that the number of congregations in America today probably embraces in the neighborhood of 5,000 congregations or even more.

It would be pertinent for Americans who treasure liberty and cherish the personal freedom guaranteed by our American institutions to ask the question, Why did these Jews come to America and where did they come from? The answer is one which could as well be given by other races and sects in our country whose members came here principally to escape tyranny and persecution.

While the Jews came to New Amsterdam from Brazil, they had fled from Spain and Portugal and they came so that they could worship the God of their choice in the traditions of their noble ancestors. As we can imagine, this first small company of Jews who came to America were destitute, and their personal belongings were seized by the ship-owners to pay their passage and two of their number were taken into custody until all had been paid. As I pointed out,

84TH CONGRESS
1ST SESSION

H. R. 1

IN THE SENATE OF THE UNITED STATES

FEBRUARY 21, 1955

Read twice and referred to the Committee on Finance

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Trade Agreements Ex-
4 tension Act of 1955".

5 SEC. 2. The period during which the President is au-
6 thorized to enter into foreign trade agreements under sec-
7 tion 350 of the Tariff Act of 1930, as amended (19 U. S. C.,
8 sec. 1351), is hereby extended from June 12, 1955, until
9 the close of June 30, 1958.

10 SEC. 3. (a) Subsection (a) of section 350 of the Tariff

1 Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is
2 hereby amended to read as follows:

3 “(a) (1) For the purpose of expanding foreign markets
4 for the products of the United States (as a means of assist-
5 ing in establishing and maintaining a better relationship
6 among various branches of American agriculture, industry,
7 mining, and commerce) by regulating the admission of
8 foreign goods into the United States in accordance with the
9 characteristics and needs of various branches of American
10 production so that foreign markets will be made available
11 to those branches of American production which require and
12 are capable of developing such outlets by affording corre-
13 sponding market opportunities for foreign products in the
14 United States, the President, whenever he finds as a fact
15 that any existing duties or other import restrictions of the
16 United States or any foreign country are unduly burdening
17 and restricting the foreign trade of the United States and
18 that the purpose above declared will be promoted by the
19 means hereinafter specified, is authorized from time to time—

20 “(A) To enter into foreign trade agreements with
21 foreign governments or instrumentalities thereof con-
22 taining provisions with respect to international trade,
23 including provisions relating to tariffs, to most-favored-
24 nation standards and other standards of nondiscrimina-
25 tory treatment affecting such trade, to quantitative im-

port and export restrictions, to customs formalities, and to other matters relating to such trade designed to promote the purpose of this section similar to any of the foregoing: *Provided*, That no such provision shall be given effect in the United States in a manner inconsistent with existing legislation of the United States: *Provided further*, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of organizational provisions of any foreign trade agreement entered into under this section.

“(B) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.

“(2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made—

“(A) Increasing by more than 50 per centum any rate of duty existing on January 1, 1945.

1 “(B) Transferring any article between the dutiable
2 and free lists.

3 “(C) In order to carry out a foreign trade agree-
4 ment entered into by the President before June 12,
5 1955, decreasing by more than 50 per centum any rate
6 of duty existing on January 1, 1945.

7 “(D) In order to carry out a foreign trade agree-
8 ment entered into by the President on or after June
9 12, 1955, decreasing (except as provided in subpara-
10 graph (E) of this paragraph) any rate of duty below
11 the lowest of the following rates:

12 “(i) The rate 15 per centum below the rate
13 existing on July 1, 1955.

14 “(ii) In the case of any article which the
15 President determines, at the time the foreign trade
16 agreement is entered into, is normally not
17 imported into the United States or is normally
18 imported into the United States in negligible quan-
19 tities, the rate 50 per centum below the rate existing
20 on January 1, 1945. This clause shall not apply
21 with respect to any article unless it is identified in
22 the list required by section 3 (a) of the Trade
23 Agreements Extension Act of 1951, as amended
24 (19 U. S. C., sec. 1360 (a)), for possible consider-
25 ation as an article which is normally not imported

into the United States or is normally imported into the United States in negligible quantities.

“(iii) In the case of any article subject to an ad valorem rate of duty above 50 per centum (or a combination of ad valorem rates aggregating more than 50 per centum), the rate 50 per centum ad valorem (or a combination of ad valorem rates aggregating 50 per centum). In the case of any article subject to a specific rate of duty (or a combination of rates including a specific rate) the ad valorem equivalent of which has been determined by the President to have been above 50 per centum during a period determined by the President to be a representative period, the rate 50 per centum ad valorem or the rate (or a combination of rates), however stated, the ad valorem equivalent of which the President determines would have been 50 per centum during such period. The standards of valuation contained in section 402 of this Act (as in effect during the representative period) shall be utilized by the President, to the maximum extent he finds such utilization practicable, in making the determinations under the preceding sentence.

“(E) In order to carry out a foreign trade agree-

1 ment entered into by the President on or after June
2 12, 1955, to which the Government of Japan is a party
3 and with respect to which notice of intention to nego-
4 tiate was published on November 16, 1954 (19 F. R.
5 7379), if the President determines that such decrease
6 is necessary in order to provide expanding export mar-
7 kets for products of Japan (including such markets in
8 third countries), decreasing by more than 50 per centum
9 any rate of duty existing on January 1, 1945.

10 “(3) (A) Subject to the provisions of subparagraphs
11 (B) and (C) of this paragraph, the provisions of any proc-
12 lamation made under paragraph (1) (B) of this subsection,
13 and the provisions of any proclamation of suspension under
14 paragraph (5) of this subsection, shall be in effect from
15 and after such time as is specified in the proclamation.

16 “(B) In the case of any decrease in duty to which
17 paragraph (2) (D) of this subsection applies—

18 “(i) if the total amount of the decrease under the
19 foreign trade agreement does not exceed 15 per centum
20 of the rate existing on July 1, 1955, the amount of
21 decrease becoming initially effective at one time shall
22 not exceed 5 per centum of the rate existing on July 1,
23 1955;

24 “(ii) except as provided in clause (i), not more
25 than one-third of the total amount of the decrease under

the foreign trade agreement shall become initially effective at one time; and

“(iii) no part of the decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year.

“(C) No part of any decrease in duty to which the alternative specified in paragraph (2) (D) (i) of this subsection applies shall become initially effective after the expiration of the three-year period which begins on July 1, 1955. If any part of such decrease has become effective, then for purposes of this subparagraph any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

“(D) If the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed any limitation specified in paragraph (2) (D) or (E) of this subsection or subparagraph (B) of this paragraph by not more than whichever of the following is lesser:

“(i) The difference between the limitation and the next lower whole number, or

“(ii) One-half of 1 per centum ad valorem.

1 In the case of a specific rate (or of a combination of rates
2 which includes a specific rate), the one-half of 1 per
3 centum specified in clause (ii) of the preceding sentence
4 shall be determined in the same manner as the ad valorem
5 effect of rates not stated wholly in ad valorem terms is
6 determined for the purposes of paragraph (2) (D) (iii)
7 of this subsection.

8 “(4) In exercising his authority under this section, the
9 President shall avoid, to the maximum extent he deems
10 practicable and consistent with the purpose of this section,
11 the subdivision of classification categories.

12 “(5) Subject to the provisions of section 5 of the Trade
13 Agreements Extension Act of 1951 (19 U. S. C., sec.
14 1362), duties and other import restrictions proclaimed pur-
15 suant to this section shall apply to articles the growth, prod-
16 uce, or manufacture of all foreign countries, whether im-
17 ported directly or indirectly: *Provided*, That the President
18 shall, as soon as practicable, suspend the application to
19 articles the growth, produce, or manufacture of any country
20 because of its discriminatory treatment of American com-
21 merce or because of other acts (including the operations of
22 international cartels) or policies which in his opinion tend to
23 defeat the purpose of this section.

24 “(6) The President may at any time terminate, in

1 whole or in part, any proclamation made pursuant to this
2 section.”

3 (b) The last sentence of section 350 (b) of the Tariff
4 Act of 1930, as amended (19 U. S. C., sec. 1351 (b)), is
5 hereby amended to read as follows: “No rate of duty on
6 products of Cuba shall be decreased—

7 “(1) In order to carry out a foreign trade agree-
8 ment entered into by the President before June 12,
9 1955, by more than 50 per centum of the rate of duty
10 existing on January 1, 1945, with respect to products of
11 Cuba.

12 “(2) In order to carry out a foreign trade agree-
13 ment entered into by the President on or after June 12,
14 1955, below the applicable alternative specified in sub-
15 section (a) (2) (D) or (E) (subject to the provisions
16 of subsection (a) (3) (B), (C), and (D)), each such
17 alternative to be read for the purposes of this paragraph
18 as relating to the rate of duty applicable to products of
19 Cuba. With respect to products of Cuba, the limitation
20 of subsection (a) (2) (D) (iii) may be exceeded to
21 such extent as may be required to maintain an abso-
22 lute margin of preference to which such products are
23 entitled.”

24 (c) Subsection (c) of section 350 of the Tariff Act

1 of 1930, as amended (19 U. S. C., sec. 1351 (c)), is
2 hereby amended by inserting “(1)” after “(c)”, by striking
3 out “(1)” and inserting in lieu thereof “(A)”, by striking
4 out “(2)” and inserting in lieu thereof “(B)”, and by
5 adding at the end thereof the following new paragraph:

6 “(2) For purposes of this section—

7 “(A) Except as provided in subsection (d)
8 and subparagraph (C) of this paragraph, the terms
9 ‘existing on January 1, 1945’ and ‘existing on July
10 1, 1955’ refer to rates of duty (however established,
11 and even though temporarily suspended by Act of
12 Congress or otherwise) existing on the date speci-
13 fied, except rates in effect by reason of action taken
14 pursuant to section 5 of the Trade Agreements
15 Extension Act of 1951 (19 U. S. C., sec. 1362).

16 “(B) The term ‘existing’ without the specifica-
17 tion of any date, when used with respect to any
18 matter relating to the conclusion of, or proclamation
19 to carry out, a foreign trade agreement, means
20 existing on the day on which that trade agreement
21 is entered into.

22 “(C) In applying paragraphs (2) (D) (i)
23 and (3) (B) (i) of subsection (a), the rate of
24 duty on an article included in a foreign trade agree-
25 ment with respect to which notice of intention to

1 negotiate was published on November 16, 1954 (19
2 F. R. 7379), if such agreement is entered into be-
3 fore July 1, 1955, shall be considered to be the rate
4 'existing on July 1, 1955'."

5 (d) Section 350 of the Tariff Act of 1930, as amended
6 (19 U. S. C., sec. 1351), is hereby amended by adding at
7 the end thereof the following new subsection:

8 "(e) The President shall submit to the Congress an
9 annual report on the operation of the trade agreements pro-
10 gram, including information regarding new negotiations.
11 modifications made in duties and import restrictions of the
12 United States, reciprocal concessions obtained, modifica-
13 tions of existing trade agreements in order to effectuate more
14 fully the purposes of the trade agreements legislation (in-
15 cluding the incorporation therein of escape clauses), and
16 other information relating to that program and to the
17 agreements entered into thereunder."

18 SEC. 4. Subsection (b) of section 6 of the Trade Agree-
19 ments Extension Act of 1951, as amended (19 U. S. C.,
20 sec. 1363 (b)), is hereby amended by striking out the
21 second sentence thereof.

Passed the House of Representatives February 18, 1955.

Attest:

RALPH R. ROBERTS,

Clerk.

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

FEBRUARY 21, 1955

Read twice and referred to the Committee on Finance

3/8/55

14. SCHOOL LUNCH. Received GAO's audit report on the national school lunch program, and an investigative survey of the operations of the program, in the State of Ind. (p. 2067).
15. REA. The Agriculture and Forestry Committee appointed a subcommittee (Sens. Humphrey, chrmn., Scott, and Mundt) to hold hearings on S. 153, to amend the REAct of 1936 so as to eliminate the State allotment formula (p. D174).
16. TAXATION. Authority was granted until midnight Mar. 9 for filing of minority views on H. R. 4259, to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates (p. 2086).
17. TRADE AGREEMENTS. Sen. Payne submitted amendments (in the nature of a substitute) intended to be proposed by him to H. R. 1, the trade agreements extension bill (p. 2080).
18. NOMINATIONS. of Sam H. Bober to be a member of the Federal Farm Credit Board and Charles Noah Shepherdson to be a member of the Federal Reserve System Board of Governors were confirmed (p. 2122).
19. COPYRIGHTS. At the request of Sen. Langer, further consideration of S. 1254, to create a Federal commission to study the copyright laws and make recommendations for their revision, was indefinitely postponed (p. 2079).
20. RECLAMATION; ELECTRIFICATION. Received Mont. Legislature resolutions favoring construction of Libby and Yellowtail dams, and an Okla. Legislature resolution favoring authorization of the Washita Basin project (pp. 2070-1).
21. LU LANDS; SURPLUS COMMODITIES. Sen. Thye spoke infavor of his bill, S. 1023, to authorize the Secretary to exercise his authority under title III of the Bankhead-Jones Farm Tenant Act to retire submarginal lands located in arid and semiarid areas from the production of surplus agricultural commodities (pp. 2083-5).
22. PRICE SUPPORTS. Sen. Langer inserted a Dickinson (N. Dak.) Farmers' Union letter favoring "price support of 90 percent of parity or better" (p. 2086).
23. ROADS. Sen. Thye inserted a Minn. State Assn. of County Commissioners' resolution favoring changing the rate of Federal aid to counties for rural highways or farm-to-market roads from 50 to 74 percent (p. 2072)
24. ADJOURNED until Thurs. Mar. 10 (p. 2122). Majority Leader Johnson indicated the tax bill will be taken up then (p. 2086).

ITEMS IN APPENDIX

25. FOOD IMPORTS. Rep. Bailey inserted a news dispatch from Switzerland stating that GATT has renewed the U.S. curbs on food imports and gave other countries permission to retaliate and seek compensation if affected by the restrictions (p. A1523).
26. FARM OUTLOOK. Rep. Clevenger inserted a speech by William B. Murphy (Pres., Campbell's Soup Co.) regarding major economic problems and the tomato situation (pp. A1534-6).

27. PERSONNEL. Rep. Derounian inserted an article by David Lawrence defending the present Government security program (pp. A1536-7).
28. FARM INCOME. Sen. Martin (Pa.) inserted an article from the Phila. Inquirer analyzing the drop in farm income in Pa., N.J., and Del. (pp. A1537-8).
29. IRRIGATION; REA. Sen. Neuberger inserted an article from the Portland Oregonian describing the irrigation of southcentral Oregon made possible by cheap electricity for pumping water furnished by REA co-ops (pp. A1543-4).
30. FOOD DISTRIBUTION. Sen. Kefauver inserted Marie Kiefer's (sec.-mgr., Nat'l Ass'n of Retail Grocers) speech discussing "the evil of price discrimination" (pp. A1544-6).
31. LEGISLATIVE PROCEDURE. Sen. Dirksen inserted the Library of Congress documented study, "The Historical Development of the Conference Committee" (pp. A1552-7).
32. SCHOOL LUNCH PROGRAM. Rep. Byrd inserted his statement to the Agriculture Appropriations Subcommittee opposing a proposed cut in moneys for the school lunch program (p. A1565).
33. BUTTER OVER GUNS. Sen. Monroney inserted several newspaper articles and editorials on the merits and demerits of "butter over guns" (pp. A1569-71).
34. FORESTRY. Rep. Byrd inserted his statement to the Interior Appropriations Subcommittee opposing the proposed reduction of Federal funds for the forest fire control program (p. A1571-2).
35. TRANSPORTATION. Extension of remarks of Sen. Magnuson and insertion of excerpts from an American Steamship Lines publication pointing out profit to residents of the inland States from Government participation in American shipping (p. A1572-3).

BILLS INTRODUCED

36. TOBACCO. S. 1325, S. 1326, S. 1327, by Sen. Clements, and H. R. 4755, H. R. 4756, H. R. 4757, by Rep. Watts, to amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to Agriculture and Agriculture and Forestry Committees (pp. 2073, 2144).
37. WATER UTILIZATION; ELECTRIFICATION. S. 1333, by Sen. Morse (for himself and others), H. R. 4719, by Rep. Pfof, H. R. 4739, by Rep. Magnuson, H. R. 4740, by Rep. Metcalf, H. R. 4730, by Rep. Green, Oreg., to authorize the construction, operation, and maintenance of the Hells Canyon Dam on the Snake River between Idaho and Oregon; to Interior and Insular Affairs Committees (pp. 2073, 2143). Remarks of Sen. Morse, Rep. Pfof, and others (pp. 2089-2105, 2128-41).
38. BUILDINGS. H. R. 4722, by Rep. Broyhill, to eliminate the 1-year limitation on the period of leases of space for Federal agencies in the District of Columbia; to Public Works Committee (p. 2143).
39. TAXATION. H. R. 4731, by Rep. Herlong, relating to the tax treatment to be afforded under sec. 117 (j) (3) of the Internal Revenue Code of 1939 in certain cases involving the sale, exchange, or conversion of land with unharvested crops

84TH CONGRESS
1ST SESSION

H. R. 1

IN THE SENATE OF THE UNITED STATES

MARCH 8, 1955

Referred to the Committee on Finance and ordered to be printed

AMENDMENTS

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. PAYNE to the bill (H. R. 1)
to extend the authority of the President to enter into trade
agreements under section 350 of the Tariff Act of 1930, as
amended, and for other purposes, viz: Strike out all after the
enacting clause and insert in lieu thereof the following:

1 That this Act may be cited as the "Trade Agreements
2 Extension Act of 1955".

3 TITLE I—FOREIGN TRADE AGREEMENTS

4 EXTENSION OF AUTHORITY

5 SEC. 101. The period during which the President is
6 authorized to enter into foreign trade agreements under
7 section 350 of the Tariff Act of 1930, as amended (19

1 U. S. C., sec. 1351), is hereby extended from June 12,
2 1955, until the close of June 30, 1957.

3 TITLE II—ESTABLISHMENT OF SPECIAL
4 COMMISSION ON FOREIGN TRADE

5 DECLARATION OF POLICY

6 SEC. 201. It is hereby declared to be the policy of the
7 Congress to assist in making the nations of the free world
8 economically strong by increasing opportunities for a greater
9 flow of multilateral world trade, and inasmuch as it is essen-
10 tial that the American economy remain strong and stable in
11 the interests of world economic stability, to protect vul-
12 nerable American industries from harmful effects of increased
13 imports.

14 ESTABLISHMENT OF THE COMMISSION

15 SEC. 202. For the purpose of carrying out the policy set
16 forth in section 201 of this title there is hereby established
17 a commission to be known as the Special Commission on
18 Foreign Trade (in this title referred to as the "Commis-
19 sion").

20 MEMBERSHIP OF THE COMMISSION

21 SEC. 203. (a) The Commission shall be composed of
22 five members to be appointed by the President, by and with
23 the advice and consent of the Senate. No member of the
24 Commission at the time of his appointment shall be a Member
25 of Congress or an officer or employee of the executive de-

partments. The members of the Commission shall be experts in the economics of tariffs and international trade and shall be appointed without regard to political affiliation. They shall serve on a full-time basis and receive compensation at the rate of \$22,500 per annum and shall also be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(b) The members of the Commission shall not engage in any other business, vocation, or employment than that of serving on the Commission and shall not receive remuneration from any other source while so serving. Three members of the Commission shall constitute a quorum.

ORGANIZATION OF THE COMMISSION

SEC. 204. The Commission shall elect a Chairman and a Vice Chairman from among its members.

EXPENDITURES AND STAFF

SEC. 205. (a) The Commission shall have power to make such expenditures and to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

(b) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the Act of August

1 2, 1946 (60 Stat. 810), but at rates not to exceed \$75 per
2 diem for individuals. The Commission may reimburse em-
3 ployees, experts, and consultants for travel, subsistence, and
4 other necessary expenses incurred by them in the perform-
5 ance of their official duties and make reasonable advances to
6 such persons for such purposes.

7 DUTIES OF THE COMMISSION

8 SEC. 206. (a) It shall be the duty of the Commission—

9 (1) after consultation with foreign and domestic
10 business and government representatives, to prepare a
11 list of products which in its opinion could be imported
12 into the United States in greater quantities from coun-
13 tries with low living standards, without injury to the
14 United States economy or to United States producers
15 and industries;

16 (2) to determine a percentage ratio of imports
17 of the products named under paragraph (1) to domestic
18 production of such products during the last calendar
19 year for which complete figures are available (not in
20 excess of 10 per centum), and to list those products
21 which in its judgment should be permitted to enter up
22 to the respective percentages without the so-called
23 “escape clause” being invoked;

24 (3) to establish criteria for the determination of
25 injury for the purposes of the escape clause and apply-

ing both to the American economy as a whole and to domestic producers and industries;

(4) in cooperation with the Department of Defense, the Office of Defense Mobilization, and other Government agencies, to establish criteria for restricting imports and exports whenever required by considerations of national security;

(5) to establish criteria for defining "products" and "industries" in connection with paragraph (1) above;

(6) to make recommendations on whether the so-called "peril point" provisions of the law should be repealed in the event the recommendations of the Commission with respect to modification of the escape clause provisions are enacted into law; and

(7) to make recommendations as to the powers the President should have (A) to reduce or suspend tariffs on those products recommended by the Commission for greater importation and without the escape clause being invoked; (B) to increase duties up to their previous levels after imports of a particular product have exceeded the specified percentage ratio of imports to domestic production, following an application for relief under the escape clause and the granting of relief thereunder; and (C) to again reduce duties on such products

1 when imports fall below the specified percentage ratio
2 of imports to domestic production.

3 (b) The Commission is authorized to establish such
4 advisory boards and committees as may be found necessary to
5 achieve the purposes of this title.

6 REPORT—EXPIRATION OF THE COMMISSION

7 SEC. 207. (a) The Commission shall submit its findings
8 and recommendations made pursuant to section 206 in a
9 report to the Congress and the President not later than
10 January 31, 1957. The report of the Commission may
11 propose such legislative enactments and administrative acts
12 as in its judgment are necessary to carry out its recom-
13 mendations.

14 (b) Ninety days after the submission of the report pro-
15 vided for in subsection (a) of this section, the Commission
16 shall cease to exist.

17 POWERS OF THE COMMISSION

18 SEC. 208. (a) The Commission or, on the authorization
19 of the Commission, any subcommittee or member thereof,
20 may, for the purpose of carrying out the provisions of this
21 title, hold such hearings and sit and act at such times and
22 places, administer such oaths, and require, by subpoena or
23 otherwise, the attendance and testimony of such witnesses

1 and the production of such books, records, correspondence,
2 memoranda, papers, and documents as the Commission or
3 such subcommittee or member may deem advisable. Sub-
4 penas may be issued under the signature of the Chairman
5 of the Commission, of such subcommittee, or any duly desig-
6 nated member, and may be served by any person designated
7 by such Chairman or member. The provisions of section
8 21 (c) of the Securities Exchange Act of 1934, as amended,
9 shall apply in the case of any failure of any witness to com-
10 ply with any subpoena or to testify when summoned under
11 authority of this section.

12 (b) The Commission is authorized to secure directly
13 from any executive department, bureau, agency, board, com-
14 mission, office, independent establishment, or instrumentality
15 information, suggestions, estimates, and statistics for the pur-
16 pose of this title; and each such department, bureau, agency,
17 board, commission, office, establishment, or instrumentality
18 is authorized and directed to furnish such information, sug-
19 gestions, estimates, and statistics directly to the Commis-
20 sion, upon request made by the Chairman or Vice Chairman.

21 AUTHORIZATION FOR APPROPRIATION

22 SEC. 209. There is hereby authorized to be appropriated,
23 out of any money in the Treasury not otherwise appropriated,

1 so much as may be necessary to carry out the provisions of
 2 this title.

Amend the title so as to read: “An Act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, to establish a special commission on foreign trade, and for other purposes.”

84TH CONGRESS
 1ST SESSION

H. R. 1

AMENDMENTS

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. PAYNE to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

MARCH 8, 1955

Referred to the Committee on Finance and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued March 24, 1955

For actions of March 23, 1955

84th-1st, No. 52

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House passed bill to increase rice allotments. Senate debated cotton-allotment increase bill. Senate committee reported bill to exempt feed wheat producers from marketing quotas. Sen. Humphrey introduced and discussed bill to include onions under CEA.

SENATE

1. COTTON ALLOTMENTS. Continued debate on H. R. 3952, to amend the Agricultural Adjustment Act of 1938 regarding cotton allotments, after the bill had been temporarily put aside for action on legislation respecting sale of rubber-producing facilities. The Stennis amendment (see Digest 51), on which a record vote has been ordered, was pending at recess for consideration today, Mar. 24. (pp. 2927-8, 2987-88.) The Agriculture and Forestry Committee agreed to an amendment to be offered as a committee amendment to this bill, which would strike the provision which provides further additional acreage equal to $\frac{1}{2}$ of 1% of each State's share of the national acreage allotment apportioned prior to enactment of this bill, and would further provide that in drought areas or in other disaster areas, a farmer may transfer his allotment from one farm to another. The amendment would further provide that no State allotment would be less than 3,500 acres. (p. D237.)
2. WHEAT. The Agriculture and Forestry Committee reported without amendment S. 46, to amend the Agricultural Adjustment Act of 1938 so as to exempt certain wheat producers from liability under the Act where all the wheat crop is fed or used for seed on the farm (S. Rept. 119) (p. 2929).

3. RUBBER. Rejected S. Res. 76, disapproving the sale of the facilities as recommended in the report of Rubber Producing Facilities Disposal Commission; and S. Res. 78 and 79, disapproving the sale of three synthetic-rubber-producing plants in Calif. (pp. 2935-74, 2977-85).
4. DAIRY PRODUCTS. Sen. Aiken expressed the hope that the Rules and Administration Committee will reconsider its decision not to permit milk to be sold through vending machines in the Senate Office Building and the Capitol, and stated that the Republican Policy Committee has unanimously voted in favor of installing milk-vending machines in these buildings (p. 2980).
5. PERSONNEL. Sen. Byrd submitted amendments intended to be proposed to S. 67, to adjust the rates of basic compensation of certain officers and employees of the Federal Government (p. 2933).
6. TRADE AGREEMENTS. Sen. Payne submitted an amendment intended to be proposed to H. R. 1, to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930 (p. 2933).
7. MILITARY TRAINING. Sen. Wiley inserted a letter from the department commander of the Wis. American Legion supporting S. 2, to provide for the operation of the National Security Training Corps, etc. (p. 2935).
8. RECLAMATION. Sen. Watkins commended the support of CIO of S. 500, to authorize the Colorado River storage project, and inserted a recent CIO news release and statements by wildlife and conservation experts on this subject (pp. 2974-7).
9. LEGISLATIVE PROGRAM for today, Mar. 24, as stated in the "Daily Digest": Continue consideration of cotton acreage allotment bill, to be followed by bills to increase pay of Federal employees (p. D237). Majority Leader Johnson also announced that "we also plan to consider at the earliest possible date on which we can sandwich them in" bills relating to tobacco allotments (p. 2983).

HOUSE

10. RICE ALLOTMENTS. Passed as reported H. R. 4647, to amend the rice marketing quota provisions of the Agricultural Adjustment Act of 1938 so as to increase by 5% the 1955 rice acreage allotments for each State receiving a rice allotment; allocate, in those States where State allotments are allocated to the counties, the additional allotment on the same basis as the previously determined 1955 allotments, except that there would be no adjustment for trends in county allotments; and provide allotment of 500 acres to S. C. and Okla., to be used to the extent needed for new rice growers in those States who have prepared for production in 1955 (p. 3037).
11. RUBBER. Rejected, 137 to 276, H. Res. 171, to disapprove the proposed sale to the Shell Oil Co. of certain Government-owned synthetic rubber producing facilities as recommended by the Rubber Producing Facilities Disposal Commission (pp. 2993-3005).

84TH CONGRESS
1ST SESSION

H. R. 1

IN THE SENATE OF THE UNITED STATES

MARCH 23 (legislative day, MARCH 10), 1955

Referred to the Committee on Finance and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. PAYNE to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: At the end of the bill add the following new section:

1 SEC. . Subsection (c) of section 7 of the Trade Agree-
2 ments Extension Act of 1951 (19 U. S. C., sec. 1364) is
3 amended by adding “(1)” after “(c)” and by adding at
4 the end thereof the following new paragraphs:

5 “(2) Whenever in any case where the President makes
6 a report, as provided in paragraph (1), either of such com-
7 mittees, after consultation or hearings, determines by the
8 affirmative vote of two-thirds of its membership that the

1 recommendations of the Tariff Commission should be car-
2 ried out, the committee shall so report to its respective
3 House within thirty days after receipt of the report of the
4 President or if the Congress is not in session within thirty
5 days after the beginning of the next session. The commit-
6 tee shall accompany its report with a concurrent resolution
7 stating substantially as follows: 'That the Congress approves
8 the recommendations of the Tariff Commission with respect
9 to _____ as included in its report
10 to the President, dated _____', the blanks
11 therein being appropriately filled.

12 " (3) If, within thirty days after receipt by the House
13 of Representatives or the Senate of any such report from the
14 House Committee on Ways and Means or the Senate Com-
15 mittee on Finance, as the case may be, both Houses of
16 Congress adopt, with or without amendment, any such reso-
17 lution, the recommendations of the Tariff Commission shall
18 be carried out to the extent provided in such resolution and
19 the President shall take action accordingly."

AMENDMENT

Intended to be proposed by Mr. PAYNE to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

MARCH 23 (legislative day, MARCH 10), 1955
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3/28/55

SENATE

12. FORESTRY; VIRGIN ISLANDS; SOIL CONSERVATION; WHEAT. Passed without amendment S. 72, to provide that certain lands conveyed to the U. S. by N. Mex. situated within the Lincoln National Forest shall be administered as national forest lands (pp. 3211-2); S. 1166, to restore USDA authority on imports of livestock and poultry into the Virgin Islands (pp. 3217-8); S. 1167, to permit ACP payments to persons who carry out conservation practices on Federal noncrop-land which directly benefit nearby or adjoining private lands (p. 3218); and S. 46, to amend the Agricultural Adjustment Act of 1938 so as to exempt certain wheat producers from marketing quotas where all the wheat crop is fed or used for seed on the farm (p. 3218).
13. TRADE AGREEMENTS; COTTON. Sen. Johnston submitted and discussed amendments he intends to propose to H. R. 1 (the trade agreements bill), "to protect the cotton textile industry, particularly, against the contingencies of bad administration" (pp. 3233-5).
14. FARM INCOME. Sen. Neuberger claimed that the farmers are still in a recession, said "the farmers' share of the national income is at its lowest point in history, and has been steadily declining under the policies of the present administration," and inserted a magazine article on this subject (p. 3203).
15. SURPLUS PROPERTY; EDUCATION. Sen. Green inserted a Rhode Island General Assembly resolution favoring H. R. 3322, to amend the Federal Property and Administrative Services Act of 1949, relative to the administration of the program for the utilization of surplus property for education and health purposes (pp. 3190-1).
16. ELECTRIFICATION. Sen. Humphrey inserted a Minn. Electric Coop. resolution favoring an "investigation of the Dixon-Yates controversy by the proper investigating committee" (p. 3191).
17. RECLAMATION; ELECTRIFICATION. Sen. Watkins and others discussed the status of the lands included in the proposed Echo Park and Split Mountain Reservoirs, and Sen. Watkins spoke in favor of including these proposed projects in the Colo. reclamation project (pp. 3220-33).
18. RECESSED until Wed., Mar. 30 (p. 3235).

ITEMS IN APPENDIX

19. ROADS. Sen. Case, S. Dak., inserted his recent address, "Roads at Hand and Roads Ahead," outlining the President's proposed highway program (pp. A2125-7). Rep. Smith, Kans., inserted Elmer T. Peterson's editorial opposing increased Federal expenditures and stating that Sen. Byrd opposes the proposed highway program (pp. A2190-1).
20. PERSONNEL. Rep. Natcher inserted a Messenger and Inquirer (Owensboro, Ky.) editorial, "They Must Be Above Suspicion," favoring procedures set up by the President by which the loyalty of employees is evaluated (p. A2132). Sen. Humphrey inserted two newspaper editorials favoring the proposal to establish a Federal Commission on Government Security Program (p. A2186).

21. CIVIL DEFENSE. Rep. Frazier inserted a Chattanooga Times editorial criticizing reductions in appropriations for civil defense (pp. A2132-3).
Sen. Humphrey inserted a Christian Science Monitor editorial favoring S. Con. Res. 11, to establish a joint committee on civil defense (pp. A2157-8).
22. MARKETING. Extension of remarks of Sen. Thye commending the Department on the publication of a pamphlet describing the service the public is obtaining in the type of food packs and marketing methods and inserting the Secretary's address at an official introduction program (pp. A2145-6).
23. SUBMARGINAL LANDS. Sen. Thye inserted a Denver Post editorial favoring his bill urging the Secretary to acquire and permanently retire from cultivation submarginal lands in Dust Bowl areas (pp. A2147-8).
24. CONSERVATION; FORESTRY. Sen. Kefauver inserted a statement prepared by the Legislative Reference Service of the Library of Congress describing the results of the Civilian Conservation Corps after 22 years of existence (p. A2148).
25. FARM PRICES. Sen. Johnson inserted a statement prepared by Sen. McNamara, "Michigan Farmers Await Action by Congress to Combat Declines in Farm Income," urging that "whatever is necessary will be done for the welfare of the farm family" (pp. A2152-3).
Rep. Dague inserted a Lancaster (Pa.) News Era editorial stating that the proposed rigid price support program would not increase farm prices but "it would merely restore the old dilemma of the surpluses in the worst form" (pp. A2194-5).
26. TRANSPORTATION. Rep. Wolverton inserted letters and various excerpts from letters discussing "the unequivocal position taken by the Secretary of Agriculture as to the need, in the interest of farmers, for the passage of tripling legislation" (pp. A2161-3).
27. REORGANIZATION; FARM LOANS. Rep. O'Hara inserted 2 AFL editorials criticizing the Hoover Commission report recommending the reorganization of Federal lending agencies, and stating that "no President can afford to have the country think the policies of his administration are being dictated by Hoover" (p. A2163).
28. STATEHOOD. Bel. Bartlett inserted 2 newspaper editorials favoring statehood for Alaska and Hawaii (pp. A2174, A2175-6).

BILLS INTRODUCED

29. AIR POLLUTION. S. 1565, by Sen. Capehart (for himself and others), to amend the National Housing Act by adding a new title thereto providing authority for technical research and studies on problems of air pollution generally and establishing a loan program to aid in the installation of air pollution prevention equipment; to Banking and Currency Committee (p. 3191). Remarks of author (p. 3192).
30. PROPERTY. S. 1566, by Sen. Humphrey (for himself and others), establishing a general policy and procedures with respect to payments to State and local governments on account of Federal real property and tangible personal property; to Government Operations Committee (p. 3191). Remarks of author (pp. 3192-3).

84TH CONGRESS
1ST SESSION

H. R. 1

IN THE SENATE OF THE UNITED STATES

MARCH 28 (legislative day, MARCH 10), 1955

Referred to the Committee on Finance and ordered to be printed

AMENDMENTS

Intended to be proposed by Mr. JOHNSTON of South Carolina to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz:

1 On page 4, line 13, strike out "July" and insert in lieu
2 thereof "January".

3 On page 6, line 20, strike out "July" and insert in lieu
4 thereof "January".

5 On page 6, line 22, strike out "July" and insert in lieu
6 thereof "January".

7 On page 7, line 10, strike out "July" and insert in lieu
8 thereof "January".

1 On page 10, line 8, strike out “and subparagraph (C)
2 of this paragraph”.

3 On page 10, line 9, strike out “July” and insert in lieu
4 thereof “January”.

5 On page 10, beginning with line 22, strike out through
6 line 4, on page 11.

84TH CONGRESS
1ST SESSION

H. R. 1

AMENDMENTS

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- 1 On page 4, beginning with line 14, strike out through
- 2 line 2, on page 5.
- 3 On page 5, line 3, strike out “(iii)” and insert in lieu
- 4 thereof “(ii)”.

AMENDMENTS

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1 On page 4, lines 9 and 10, strike out “(except as pro-
2 vided in subparagraph (E) of this paragraph)”.

3 On page 5, beginning with line 24, strike out all through
4 line 9, on page 6.

5 On page 7, line 20, strike out “or (E)”.

6 On page 9, line 15, strike out “or (E)”.

7 On page 10, line 8, strike out “and subparagraph (C)
8 of this paragraph”.

9 On page 10, beginning with line 22, strike out all
10 through line 4, on page 11.

AMENDMENTS

Intended to be proposed by Mr. Johnston of South Carolina to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

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He had visited the Echo Park site and had been up and down the canyon. It was his opinion that it would be better by far for the benefit of the park and the monument itself to build the dams than not to build them, because he said it would give an opportunity to all the people of the United States to see this wonderful scenery. The only way people can now visit it is to take a boat and go down with a limited company. There has not been an average of 120 persons a year visiting the canyon areas in the past 20 years.

Mr. GOLDWATER. If we gave history the benefit of the doubt we might expand the number to 500, but that would cover only the years since the war. As the Senator from Utah knows, I have on several occasions visited the area both by boat and afoot. I have very deep interest in the subject.

I wonder if the Senator from Utah would permit me to refresh his memory by going back to the hearings on the Colorado River storage project. The testimony to which I refer is found on page 298 of the published hearings.

Mr. WATKINS. Of the Senate committee?

Mr. GOLDWATER. Yes. They are out today. I doubt if the Senator has seen a copy.

I also wish to invite the Senator's attention to a statement made by Mr. John Grounds, and I wonder if the Senator would permit me to read the letter which I received from Mr. Grounds this morning.

Mr. WATKINS. I shall be glad to do so.

Mr. GOLDWATER. Mr. Grounds is a very prominent cattleman in Arizona. He was born in Utah within the area about which we are speaking, and he has lifelong intimacy with the problems we are discussing today. He wrote me as follows:

Nearly 100 miles from the Denver & Rio Grande Western Railway, terminating at Craig, Colo., in a westerly direction and almost an equal distance from the Union Pacific Railway at Rock Springs, Wyo., to the south, lays a country known to a very few people but discussed by many.

When we mention Echo Park Dam and Dinosaur National Monument we know right where we are, on paper.

The dusty, rocky, rough roads are out of the question for the public and once you do finally get to the canyon area in the Dinosaur Monument, where 1 of the 2 or 3 rocky roads end, you are there and no further, unless you have boats and expensive equipment to run rapids and make portages around white water. Even trails end in these canyons. It is possible to travel on foot along these river canyons in the winter when the rivers are frozen but going is extremely hazardous and the rapids never freeze.

There are many fine views of the canyons from the top of the walls but it may take days to get to one of them.

About 200,000 acres of this rugged country, unchanged by man, is in the Dinosaur National Monument but what good is it if the public doesn't get to see it. We can read literature that states that as many as 12,000 people saw the Dinosaur Monument last year. By all means, let us get this statement clear. Twelve thousand people probably did register or visit the Dinosaur excavations at the headquarters of the monument but that is many miles below the Echo Park Dam site

and out of the canyon country. Only a few dozen people a year see the great Lodore and Yampa Canyons.

Can it be true that the thousands of people writing to their Senators and Congressmen to block the Echo Park Dam really wish to see the great water and power potentials continue to go unused when millions of people could benefit by this dam? These very people will probably never know or see the wonders and sights of the Dinosaur Monument if the dam isn't built. Then, what is the point gained by all the letters pressuring our Congressmen to abandon this project? Are we to waste all this power and water and the prosperity that goes with it? Is this what conservationists mean when they say "conserve"? Surely these groups of people do not understand this particular situation and the cards, letters, and pamphlets mailed out to the public should be considered from this point. I have in my possession literature on and from the following groups: American Planning and Civic Association, Isaak Walton League, National Parks Association, Wilderness Society, the National Wild Life Federation, the Forest Conservation Society, the Sierra Club, Colorado River Association (306 West Third Street, Los Angeles, Calif.).

All of these organizations constantly working on the unorganized public are sure to arouse much undue resentment from well-meaning citizens.

The group at the foot of the mentioned list—

And Mr. Grounds there is referring to the Colorado River Association—

must not be classified with those who are misinformed or uninformed, but linked with those who have done everything in their power to stall and disrupt progress of their neighboring States who attempt to bring about a diversion of the waters of the Colorado River.

To sum up the water controversy between the State of California and other States participating in the Colorado River Compact, most people figure this way. How much water is contributed by the State of California to the Colorado River? Next, how much water does California call her "rightful share"? Most people develop an intense hatred against the State of California for their actions and tactics on this controversy.

Surely, it is not the entire great coastal State of California that is upholding this one-sided measure, but, rather, a small southern portion of the State armed with a battery of opportunities for attorneys.

Are we going to allow six Western States to be deprived of their rights for the sake of a small part of 1 State that is attempting to gain a water right by stalling for time so that they may develop a usage they can call a right?

In the event of enemy nations resorting to atomic warfare should be ample reason to distribute our progress and improvements more evenly among other States and areas so as not to make any one spot a too likely a target and also to develop other more remote lands to an extent that refugees could be cared for. Population as well as factories must be dispersed.

Any further stalling of the Colorado River development plan can no longer be looked on by the people of the Western States as a trial or a case being fairly argued. If the points involved cannot be settled now, we all are going to want to know the reasons.

JOHN GROUND'S.

VALENTINE, ARIZ.

EXTENSION OF TRADE AGREEMENTS ACT

Mr. JOHNSTON of South Carolina. Mr. President, I send to the desk three

amendments which I intend to propose when House bill 1 comes before the Senate. I now ask that the amendments be printed, so as to be available when that bill is taken up, after it is reported from the Finance Committee.

The PRESIDING OFFICER. The amendments will be received, printed, and referred to the Committee on Finance.

Mr. JOHNSTON of South Carolina. Mr. President, the Senate Finance Committee now has under consideration H. R. 1, which passed the House of Representatives on February 18, 1955. This bill has for its purpose the extension of authority to the President of the United States to enter into certain trade agreements, and for other purposes. The bill contains certain provisions to which I have fundamental objections. A few minutes ago I sent to the desk certain amendments which I intend to propose to House bill 1. The purpose of the amendments is to overcome these basic objections and to cure the obvious defects of that bill.

The proponents of H. R. 1 are contending that its provisions in effect call for a 3-year extension of the President's authority to enter into trade agreements with the power to reduce or increase existing tariff rates to the extent of 5 percent annually for the next 3 years. If this in fact is true, and if one could be assured in its administration of such a fact, there might be no necessity for the amendments I have sent forward. My experience here, however, has taught me that in the final analysis of things and in the administration of many acts of Congress, not always are the stated purposes realized. Oftentimes, administrative rules and regulations which thwart the will of Congress are issued. Oftentimes the courts construe our acts to mean what we ourselves never intended them to mean.

Mr. President, the real purpose of the amendments I have sent forward today is to protect the cotton textile industry, particularly, against the contingencies of bad administration which can very well and may very well happen with disastrous results, not only to labor but to management itself. I do not propose at this time to address myself at length to the real reasons for the provisions of these amendments, as I am hopeful that the Finance Committee may report a measure which will meet with my approval. The Senate and the country, however, must be alerted against the possible dangers lurking in the loose language and certain loopholes which I see in H. R. 1. No opportunity ought to be presented now for the doing in the future of an irreparable injury to the cotton textile industry, one of the basic industries in South Carolina, nor to the hundreds of thousands of employees whose daily livelihood would be affected by it. My own specialized knowledge of and close association since childhood with the cotton and textile industry afford me a better background to speak out now than has been the case with many other Senators.

Mr. President, my mail has been heavier on the present pending measure,

H. R. 1, than on any other subject since I have been a Member of the Senate. The thousands of appeals which have reached me from employees and laborers who fear their jobs will be placed in jeopardy by such legislation have made a profound impression upon me. The industry, whose investments may be at stake, let it be noted, is likewise alerted to the dangers that confront it. My sympathy is with management and the workers alike in the predicament which they face in the cotton textile industry, because of the loose, elastic language and the uncertainties lurking in H. R. 1.

The amendments which I am submitting today would make more certain the character of administration which we should anticipate, and would render less hazardous the means of livelihood of those engaged in it. I am dedicated to the purpose of securing continuing benefits for those whose daily bread depends upon steady employment at fair wages, the laborers in the cotton fields and in the cotton mills. If the mills suffer for lack of an adequate market, then labor, too, will suffer.

Let me digress for a moment to point out that much criticism has been directed to the position I have consistently taken on the floor of the Senate in opposing our foreign aid programs, which I have called our giveaway folly. There are those who are now beginning to realize that the fundamental objections which I have urged through all these years may now affect them. I have never felt that we possessed the strength to spread safely our economic aid all around the world and at the same time maintain our own economic strength and standards of living at home. It is as simple as that to me. Our economic strength has never justified the wanton and reckless wasting of our substance in all the areas of the world. Regardless of the percentage of our own economic strength, all must eventually realize that 6 percent of the world's population cannot compete with the remaining 94 percent. However splendid and beautiful and seemingly righteous the hope that we can perfect the working conditions of mankind everywhere, we ought to recognize, if we are at all realistic, that we cannot attain this desirable condition by our efforts alone. When we weaken ourselves economically, we weaken ourselves militarily and destroy the high standards of living we have set at home.

The theorists, the economists, and many who are capable of talking out of both corners of their mouths have yet to satisfy me that we can by weakening our own economic condition save the whole wide world. I will go along with these programs just so far and no farther. I do not want to see the United States—and, so far as I can prevent it, the great industries of the South—leveled off or sunk for the benefit of others to whom I have no personal obligation or duty to protect.

Look at the condition of the textile industry for a moment. I refer to the fact

that the percentage of sales and profits on sales after taxes have already declined in the textile industry. They were about 3.8 percent in the aggregate for the periods of 1950, 1951, and 1952. In 1953 the percentage dropped to about 2.1. For the first three quarters of 1954, the percent of profits has dropped to the dangerously low level of .09. Some may call this narrowness on my part, but with me charity begins at home. Common-sense, prudence, and realism should be our constant guides. The one-worlders' program has never excited my religious devotion because in most respects such idealism is impracticable.

Let me be specific for a moment. There are certain negotiations now in progress at Geneva the outcome of which can and will vitally affect the cotton textile industry in South Carolina and the great mass of my former fellow-workers in the cotton mills. These pending negotiations are before the International Organization known as GATT, which means "General Agreement on Tariffs and Trade." This organization is one of those created by an Executive agreement. Its provisions have never been submitted to the Senate for confirmation. They never will be. To submit the destiny and welfare of the laboring people or their bosses to the tender mercies of the representatives of about 36 other nations and the diverse interests thus resulting is asking more than I, personally, am willing to give. In addition, it is the sole constitutional function of Congress to regulate commerce. To permit a foreign group, by whatever name called, to have control over the American commerce is an abdication of our Constitutional responsibility in the Senate. Congress must not kill the goose that lays the golden eggs, however large or small the eggs may be.

Until the negotiations at Geneva are concluded and their terms fixed and made known to us, it is unwise and unfair to the workers and businessmen of America to submit their welfare and the future determination of their relative rights to any foreign group in which we have only one voice. We must fix and maintain their rights here and now. To me it is self-evident and obvious that the date of July 1, 1955, as a pivotal starting point for the reduction or increase of tariff rates is hazardous. It is my solemn conviction that January 1, 1955, a date on which we know what conditions were, should be substituted for July 1, 1955, in the provisions in H. R. 1.

One of my amendments has to do with the elimination and clarification of some very loose language now employed in H. R. 1. Ever since I became a Member of the Senate it has been my conviction and contention that we should not delegate our legislative functions. I have always sought to maintain the position that the lines of separating the authority of the legislative branch, the judicial branch, and the executive branch of our Government should be more clearly

marked. I do not believe that the legislative branch is capable of administering a law; by the same token, I do not believe that the executive branch should be delegated a legislative function. That has been the basis of my objection and will continue to be the basis of my objections to all judicial legislation. I shall continue to insist as long as I am here that the policy of our Government must be determined by the Congress, and not by the judicial branch or the executive branch. We cannot follow the administration of every act of Congress after we pass bills; the day-by-day task is too much for us. We can, however, by a correct choice of words and by a prudent selection of language, make more reasonably certain that our intent in passing legislation is not thwarted in its administration. The language in paragraph ii, subsection d, of section 3 is quite loose and leaves too much for future determination or arbitrary interpretation. I find in it the words "normal" and "negligible." "Normal" and "negligible" are relative terms, leaving too much discretion to the future, too much to be interpreted at the behest of those who administer them—so far as this particular piece of legislation is concerned, and can very easily in reality become a travesty on both labor and management in South Carolina. I have believed and urged consistently for a fair margin of profit for industry and for labor's share in that profit. To assure continued and better working conditions, fair wages, a higher standard of living, labor's just rewards, and a fair margin for industry, I think these elastic and undefined terms "normal" and "negligible" should be stricken from the pending bill. Conditions may develop in the future, and too many varying minds and other dependent happenings may be brought into play to satisfy my doubts; hence, the statute should be pinpointed now to eliminate the elasticity these two words permit.

For all these reasons, and for the greater reason that none of us can predict what the future holds, I have submitted another amendment.

The "escape" clause and "peril-point" provisions of existing law are yet in the main untried in their application. There have been 59 applications for relief before the Tariff Commission; in 15 of these cases, although the Tariff Commission has found injury or threat of injury to industry or labor, the President of the United States has taken action in only 5 cases. This is the result for the simple reason that the President may take into consideration other factors which a particular industry or segment of the industry is given no right to answer.

Until we proceed a little further and invest the Tariff Commission with the power to hear all the factors and bind the President to follow them, I contend too much latitude is given one man and too little opportunity to answer is given those who may be adversely affected in that individual's decisions. I do not wish

to see the cottonmill workers in South Carolina out of employment nor the industry exposed to the dangers and uncertainty of subparagraph E of H. R. 1 now pending before the Finance Committee. This result could very well be disastrous from top to bottom.

Suffice it for the moment to say that we must never forget our own people in

both labor and industry when we revel in our ability to scatter their economic substance to the four winds of the heavens.

RECESS TO WEDNESDAY

Mr. STENNIS. Mr. President, so far as the Senator from Mississippi knows,

no other Senator desires to speak today. Inasmuch as it is understood that the Senate will recess until Wednesday, I move that the Senate now take a recess until Wednesday at 12 o'clock noon.

The motion was agreed to; and (4 o'clock and 35 minutes p. m.) the Senate took a recess until Wednesday, March 30, 1955, at 12 o'clock meridian.

House of Representatives

MONDAY, MARCH 28, 1955

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we beseech Thee to look upon us with divine favor and inspire us with fidelity and fortitude as we enter upon the duties and tasks of this week.

Daily we need Thy guiding and sustaining presence and power, for we are challenged by responsibilities which are far beyond all finite wisdom and strength.

Help us to affirm with increasing courage and confidence our faith in Thee and in the ultimate triumph of righteousness and justice for Thou hast placed us in a moral universe.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, March 24, 1955, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1. An act to increase the rates of basic compensation of officers and employees in the field service of the Post Office Department; and

S. 67. An act to adjust the rates of basic compensation of certain officers and employees of the Federal Government, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4259) entitled "An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption."

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 55-11.

TAX RATE EXTENSION ACT OF 1955

Mr. COOPER submitted the following conference report and statement on the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption:

CONFERENCE REPORT (H. REPT NO. 305)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 2 and agree to the same.

That the House recede from its disagreement to the amendments of the Senate to the title of the bill and agree to the same.

JERE COOPER,
W. D. MILLS,
DANIEL A. REED,
THOMAS A. JENKINS,

Managers on the Part of the House.

HARRY F. BYRD,
WALTER F. GEORGE
(By HARRY F. BYRD),

ROBERT S. KERR,
E. D. MILLIKIN,
EDWARD MARTIN,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4259) to provide a 1-year extension of the existing corporate normal-tax rate and of certain existing excise-tax rates, and to provide a \$20 credit against the individual income tax for each personal exemption, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: The first section of the House bill authorized the bill to be cited as the "Revenue Act of 1955." The Senate amendment authorized the bill to be cited as the "Tax Rate Extension Act of 1955." The House recedes.

Amendment No. 2: Sections 4 and 5 of the House bill provided for a credit against the individual income tax in an amount equal to \$20 multiplied by the number of exemptions allowed as deductions in computing taxable income. The credit applied to taxable years beginning after December 31, 1955. The Senate amendment struck out sections 4 and 5 of the House bill. The House recedes.

Amendment to the title: The Senate amendment to the title of the bill conformed the title to the amendments made by the Senate to the text of the bill. The House recedes.

JERE COOPER,
W. D. MILLS,
DANIEL A. REED,
THOMAS A. JENKINS,

Managers on the Part of the House.

BANK HOLDING COMPANIES

(Mr. SPENCE asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include an address.)

Mr. SPENCE. Mr. Speaker, our able and distinguished Speaker of the House of Representatives addressed the dinner meeting of the Independent Bankers Association convention in Washington on March 26. He made a very clear and convincing argument against the dangers of the concentration of economic power and the evils that may arise from the operation of uncontrolled and unregulated bank holding companies controlling the money and credit of the Nation and also unrelated businesses. He unequivocally endorses H. R. 2674, a bill which I have introduced and which has the enthusiastic support of the Independent Bankers Association. Hearings have been concluded on this bill by the Committee on Banking and Currency. We expect to go into executive session after the recess and hope to report a bill which will be passed without delay by the Congress.

The address referred to follows:

REMARKS OF SPEAKER SAM RAYBURN BEFORE THE CONVENTION OF THE INDEPENDENT BANKERS ASSOCIATION, WASHINGTON, D. C., MARCH 26, 1955

Mr. President, officers, directors, and members of the Independent Bankers Association of America, and their guests, let me assure you that I am most grateful for the opportunity to be here and speak to you this evening. I believe no group has made a more vital contribution to the development and maintenance of our free competitive economy than the local independent bankers of this Nation. Our free competitive economy in turn has, without doubt, been the chief cornerstone on which this country has perfected the foremost system of political and individual liberty ever known to mankind.

The local independent bank is an ideal small-business enterprise. Local people get together, invest their own capital, select their own management, and solicit the deposits of the community in which they are located. They then take those deposits and put them out to work for the benefit of the people living in that community. I

Sugar Act and increased quotas for domestic beet and mainland cane sugar (pp. 3821, 3827-8).

18. PRICE SUPPORTS. Sen. Humphrey inserted an Isanti County Cooperative Association resolution endorsing a long-range permanent farm program of not less than 90% price supports and supporting the family-sized farm (p. 3821).
19. TRADE AGREEMENTS. Sen. Stennis submitted an amendment which he intends to propose to H. R. 1, the trade agreements extension bill, relating to imports of hardboard (pp. 3826-7).
20. LEGISLATIVE PROGRAM for today, Apr. 19, as stated in the "Daily Digest": continue consideration of the Colorado reclamation project (p. D295).

ITEMS IN APPENDIX

21. ELECTRIFICATION. Extension of remarks of Rep. Johnson (Wis.) stating that "there appears to be a growing groundswell of public opinion against the administration's policy on public power..." and inserting two Farmers Union Central Exchange resolutions stating views on this subject (pp. A2522-3).
22. FAMILY FARM. Rep. Johnson (Wis.) inserted a Farmers Union Central Exchange resolution urging Congress to adopt a statement of policy with respect to family-type farmers (p. A2524).
23. SURPLUS GRAIN. Extension of remarks of Rep. Jennings urging support of legislation to see that surplus grain is used for needy miners and others who are jobless and including a Roanoke (Va.) Times editorial on this subject (p. A2524).
24. WATER RESOURCES. Rep. Van Zandt inserted Paul Albert's article discussing the importance of water as a natural resource and some of the water conservation programs of Pa. (pp. A2526-7).
25. FARM PROBLEMS. Rep. Harrison (Neb.) inserted four newspaper editorials discussing various farm problems, including farm prices, storage of surplus commodities, need for competitive prices for cotton, and the dairy industry (pp. A2532-3).
26. RUBBER. Extension of remarks of Sen. Humphrey stating that "it is my intent to watch with keen interest the activities affecting private management of the synthetic rubber plants..." (pp. A2539-40).
27. PROPERTY. Rep. Doyle inserted a constituent's letter and a City of Los Angeles resolution requesting that legislation be initiated to require the U. S. to assume and pay assessments levied against U. S. property in connection with local improvements (p. A2543).
28. FARM PLANS. Rep. O'Hara commended and inserted two articles written by E. G. Shinner who is "the originator of what has come to be known as the Shinner agricultural plan," the "basic principles of which have been widely discussed throughout the Nation" (pp. A2551-2, A2553-4).
29. DROUGHT RELIEF. Rep. Young inserted a Deseret News editorial, "As the Dust Begins to Blow," discussing some of the contributing factors toward soil and wind erosion and urging emergency measures to aid the farmers (p. A2564).

BILLS INTRODUCED

30. PERSONNEL. S. 1711, by Sen. Clements, and H. R. 5624, by Rep. Watts, to grant career appointments to certain employees in positions under temporary or indefinite appointments; to Post Office and Civil Service Committees (pp. 3823, 3894).
H. R. 5617, by Rep. Teague, Calif., to extend certain survivors' benefits under the Civil Service Retirement Act of May 29, 1930 to widowers of employees; to Post Office and Civil Service Committee (p. 3894).
H. R. 5618, by Rep. Teague, Calif., to amend the Civil Service Retirement Act of May 29, 1930, with respect to certain survivors' benefits, etc.; to Post Office and Civil Service Committee (p. 3894).
H. R. 5620, by Rep. Tumulty, to regulate the hours and wages of Federal Government employees whose wages are established by wage boards and administrative authority; to Post Office and Civil Service Committee (p. 3894).
H. R. 5621, by Rep. Tumulty, to regulate the payment of overtime wages paid to Federal Government employees whose wages are established by wage boards and other administrative authority; to Post Office and Civil Service Committee (p. 3894).
31. SUGAR. H. R. 5600, by Rep. Gubser, H. R. 5607, by Rep. Matthews, H. R. 5619, by Rep. Teague, Calif., and H. R. 5622, by Rep. Utt, "to amend and extend the Sugar Act of 1948, as amended"; to Agriculture Committee (pp. 3893-4).
32. FORESTS. S. 1713, by Sen. Anderson (for himself and others), and H. R. 5595, by Rep. Cooley, to amend the act of July 31, 1947 and the mining laws to provide for multiple use of the surface of the same tracts of the public lands; to Interior and Insular Affairs Committees (pp. 3823, 3893).
33. WHEAT. S. 1714, by Sen. Thye, to define "wheat unfit for human consumption" for the purposes of sec. 22 of the Agricultural Adjustment Act of 1933; to Agriculture and Forestry Committee (p. 3823). Remarks of author (p. 3824).
34. FOREIGN TRADE; TARIFFS. S. 1723, by Sen. Malone, "to amend the Tariff Act of 1930; to Finance Committee (p. 3823). Remarks of author (pp. 3873-5).
35. ROADS. H. R. 5594, by Rep. Aspinall, providing for the designation of a highway across the Continental Divide as a part of the national system of interstate highways; to Public Works Committee (p. 3893).
36. FORESTS. H. R. 5597, by Rep. Engle, to increase the public benefits from the national park system by facilitating the management of museum properties relating thereto; to Interior and Insular Affairs Committee (p. 3893).
37. VETERANS' BENEFITS. H. R. 5602, by Rep. Kee, to amend sec. 302 of the Servicemen's Readjustment Act of 1944, as amended; to Armed Services Committee (p. 3893).
38. SURPLUS PROPERTY. H. R. 5604, by Rep. Lipscomb, and H. R. 5606, by Rep. Mailliard, to amend the Federal Property and Administrative Services Act of 1949 to permit the donation of surplus personal property to certain institutions engaged in scientific research which are taking part in educational or public health programs; to Government Operations Committee (p. 3893).

84TH CONGRESS
1ST SESSION

H. R. 1

IN THE SENATE OF THE UNITED STATES

APRIL 18, 1955

Referred to the Committee on Finance and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. STENNIS to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, viz: At the end of the bill, insert the following:

1 SEC. . (a) Paragraph 412 of the Tariff Act of 1930
2 is hereby amended by inserting before "wood flour" the fol-
3 lowing: "hardboard, whether or not provided for elsewhere
4 in this Act, and whether or not cut, stamped, or shaped for
5 boxes or other articles, 33 $\frac{1}{3}$ per centum ad valorem;"

6 (b) For the purposes of section 350 of the Tariff Act
7 of 1930, as amended, the rate of duty existing on January
8 1, 1945, for hardboard provided for in paragraph 412 of

1 such Act, as amended by subsection (a) of this section, shall
2 be deemed to have been $33\frac{1}{3}$ per centum ad valorem: *Pro-*
3 *vided, however,* That so long as any foreign trade agree-
4 ment that shall have heretofore been entered into pursuant
5 to section 350 of the Tariff Act of 1930, as amended, and
6 any amendments thereto, that is applicable “to manufactures
7 of wood or bark, or of which wood or bark is the component
8 material of chief value, not specially provided for” in para-
9 graph 412 of the Tariff Act of 1930 that are not specifically
10 described in said foreign trade agreement, shall remain in
11 force and effect, the rate of duty for hardboard provided for
12 in paragraph 412 of such Act, as amended by subsection
13 (a) of this section, shall be $16\frac{2}{3}$ per centum ad valorem,
14 with like effect as though that rate had been included in said
15 foreign trade agreement, excepting that said rate shall be
16 subject to being increased or decreased hereafter by foreign
17 trade agreements entered into pursuant to amendments to
18 said section 350 of the Tariff Act of 1930, as amended, or
19 other statutes that shall authorize the President to proclaim
20 modifications of existing duties and other import restrictions,
21 or additional import restrictions, or the continuance for
22 minimum periods of existing customs or excise treatment of
23 any article. Such hardboard, when the product of any
24 nation or area designated by the President pursuant to section

1 5 of the Trade Agreements Extension Act of 1951, shall be
2 subject to a duty of $33\frac{1}{3}$ per centum ad valorem.

3 (c) The amendment made by this section shall be ef-
4 fective with respect to hardboard, whether or not provided
5 for elsewhere in the Tariff Act of 1930, as amended, and
6 whether or not cut, stamped, or shaped for boxes or other
7 articles, entered or withdrawn from warehouse, for con-
8 sumption on and after the thirtieth day following the date of
9 enactment of this Act.

AMENDMENT

Intended to be proposed by Mr. STENNIS to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

APRIL 18, 1955

Referred to the Committee on Finance and ordered to
be printed

LONG], I introduce, for appropriate reference, a bill to authorize the revestment of certain interests in land at the United States Naval Air Station, Houma, La. I ask unanimous consent that a joint statement prepared by me and my colleague, regarding the bill, be printed in the RECORD.

The PRESIDING OFFICER (Mr. COTTON in the chair). The bill will be received and appropriately referred; and, without objection, the joint statement will be printed in the RECORD.

The bill (S. 1715) to authorize the revestment of certain interests in land at the United States Naval Air Station, Houma, La., introduced by Mr. ELLENDER (for himself and Mr. LONG), was received, read twice by its title, and referred to the Committee on Armed Services.

The joint statement presented by Mr. ELLENDER is as follows:

JOINT STATEMENT OF SENATORS ELLENDER AND LONG

We are introducing legislation to revest in certain individuals, the town of Houma, La., and the Parish of Terrebonne the mineral and royalty interests underlying lands formerly belonging to them and now comprising the United States Naval Air Station at Houma, La.

In 1943 the Navy filed condemnation proceedings to acquire 1,700 acres of land upon which to establish a lighter-than-air station near Houma. Some 640 acres of this land belonged to South Coast Corp. and the balance to those on whose behalf this bill is being introduced.

The filing of the 1943 condemnation suit constituted a taking of the title of the lands involved; the only issue left open was the fixing of just compensation, as required by the Constitution. As a matter of practice, the price to be paid could have been left to a jury or negotiated by agreement. The Government and the landowners decided to negotiate.

Southwest Louisiana is rich in natural resources; the oil and gas potential in that area is common knowledge, and was such in 1943. The question of reservation of mineral rights is, and for some time has been, the subject of specific discussion in connection with practically every land transaction in this area. This is particularly true in Terrebonne Parish. As a matter of fact, the property of one of the landowners in this instance was under oil lease prior to and up to the time of the condemnation proceeding, and as early as 1936 some of the parties had sold royalty interests from about 400 acres of the land in question. Accordingly, during the 1943 negotiations, the landowners repeatedly told the Navy representatives that they desired to retain their mineral rights. Some of them made the request in writing. All of them were informed that the Navy insisted on the mineral rights because the Navy demanded a full and complete title. Open meetings were held and similar representations were publicly made to the landowners and others by representatives of the Navy.

It must be remembered that the war was on. Houma is only a short distance from the Gulf of Mexico, where the submarine menace was very great. As patriotic American citizens and in order to facilitate the war effort through the rapid installation of the base near Houma, these landowners did not insist on their demands that they be permitted to retain their mineral rights, believing as they had been told by the Navy representatives, that such rights were needed and that their acquisition was required under existing Navy policy. They assumed,

as they had a right to assume in view of the declared policy of the Navy, that all landowners were being treated alike with respect to their mineral rights.

Only last year, however, these landowners learned that their Government had broken faith with them. They discovered in 1954 that about a year after construction of the base began, the Government revested or returned to one landowner, the South Coast Corp., all mineral rights under 640 acres of the property of that corporation which had been taken in the very same condemnation suit, involving a total of 1,700 acres. Moreover, the South Coast Corp. received an average compensation of \$120 per acre, while the other landowners, whose land was generally of equal value, received an average of \$99 per acre.

Mr. Harvey W. Hillyard, who was officer in charge of construction of the base, has this to say concerning the unequal treatment of the landowners:

"I am at a loss to explain the apparent discrimination since my firm impression during my duty period in Houma was that the Navy desired a policy of fairness and equality of treatment to all of the landowners. I attempted to reflect this general attitude and policy in my personal relations with them. The failure to return mineral rights to all owners alike is, in my opinion, an inequitable situation which should be remedied if at all possible. I personally recall the full cooperation these people gave me as an individual and as a representative of the Navy, and I am embarrassed that the confidence they undoubtedly placed in my personal and official assurances of just and equitable treatment has been compromised."

Equality of treatment of citizens by the sovereign is a fundamental principle of our democratic form of government. Whatever the explanation, the bald fact is that the landowners in whose behalf the bills are introduced received an average of \$99 per acre for their surface rights, and the South Coast Corp., for the surface rights of exactly similar land, received \$120 per acre. These landowners, without being paid any compensation therefor, lost their mineral rights, whereas those of the South Coast Corp. were revested in that corporation. The purpose of these bills is to right this wrong.

In this connection, it should be noted that Senator LONG introduced a bill on January 26 which would prevent similar situations arising in the future. His bill, S. 748, provides that the United States shall not acquire any mineral rights or interest in land acquired for public purposes, unless (a) the acquisition of such mineral interest is necessary to serve the purpose for which the land is being acquired; (b) the national security requires that the United States own all right, title, and interest, including mineral interest, in and to the land being acquired; or (c) the use to which the United States intends to put such land renders impractical its development for mineral purposes.

Unfortunately the legislation proposed by Senator LONG could only apply to instances arising in the future, but it is entirely consistent with the circumstances which justify relief in connection with the specific private bill offered.

UNION HEALTH AND WELFARE FUNDS

Mr. HUMPHREY. Mr. President, I introduce for appropriate reference a bill designed to modernize and strengthen our laws with respect to union health and welfare funds.

I ask unanimous consent that I may speak on it in excess of the 2 minutes allowed under the order which has been entered.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the Senator from Minnesota may proceed.

The bill (S. 1717) to amend the National Labor Relations Act and the Labor Management Relations Act, 1947, with respect to union welfare funds, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

Mr. HUMPHREY. Mr. President, one of the really great advances which collective bargaining has made in recent years has been the development of health and welfare fund provisions in union-management agreements. Although these provisions are widespread, I think it is fair to say that unions and management are still experimenting with the kinds of provisions that offer the best protection for the lowest cost.

Abuses have crept into the administration of these programs. These abuses have taken the form of shady or unethical practices engaged in by a few insurance company officials, brokers, union officers, and employers. In terms of the magnitude of the health and welfare schemes, these alleged shady or unethical practices have been limited to a relatively few situations. This fact, however, must not blind us to the need for dealing with the problem in a constructive way.

The bill has as its objective the advisability of making all financial affairs and transactions of these funds public knowledge.

I introduced a similar bill in the 83d Congress. As we all know, hearings are under way in the Committee on Labor and Public Welfare, in which the so-called health and welfare activities of union management agreements are being investigated.

We have learned through experience that disclosure is one of the most effective weapons against dishonesty and corruption. My bill, therefore, requests that the following information with regard to union health and welfare funds must be made public every year:

First. The assets and liabilities of any trust fund established as a union health and welfare fund.

Second. Payments made into such fund and the sources of such payments.

Third. Disbursements made from such fund during such year for payment of benefits or for other purposes, including salaries and other expenses of administering such fund.

Fourth. A list of any investments made by the fund.

Fifth. The amounts paid to officers, employees, or agents of the fund as commissions, fees, gratuities, or otherwise, by any insurance company doing business with the fund, or by an officer, employee, or agent of such insurance company.

My bill also would provide standards for investing moneys from union health and welfare funds on a par with standards established by State laws for insurance companies. This means that no moneys may be invested unless the laws of the State in which the principal office

of the union fund is located allow insurance companies to invest in those same securities or investments.

The safeguarding of the financial integrity of union health and welfare funds, and/or employer health and welfare funds, must, of course, in the final analysis rest on the States. Nevertheless, there is an important area for the Federal Government activity in this field. It is to help the Federal Government live up to its responsibilities that I introduce this proposed legislation.

I do not pretend to be an expert in this highly complex subject, but my experience during the 82d Congress as chairman of the Senate Subcommittee on Labor and Labor-Management Relations leads me to suggest that the following factors be taken into account in any kind of public policy which we develop:

First. We ought to be concerned with the malpractices and not with casting a rigid mold to which all plans would have to adhere. We should allow flexibility and experimentation in collective bargaining.

Second. We ought to explore the extent to which malpractices are illegal under existing State statutes and to see that these statutes are enforced to the hilt.

Third. We ought to be certain that we do not subject collectively bargained health and welfare programs, operating on an interstate basis, to a crazy quilt of conflicting State legislation.

It is my hope, therefore, that the Congress will proceed with intelligence and calm reason based on experience to formulate legislation affecting the health and welfare funds which are established as a result of collective bargaining. There is no room for rancor and vindictiveness in considering this very complicated fiduciary relationship area. I stand ready to join with my colleagues in giving this very serious question careful study and consideration.

The Senate is indeed fortunate to have an energetic subcommittee of the Senate Labor and Public Welfare Committee now studying the overall problem of union health and welfare funds. In the last Congress that subcommittee which was under the Chairmanship of the distinguished senior Senator from New York [Mr. Ives] and the subcommittee is now being chaired by the learned and able senior Senator from Illinois [Mr. Douglas]. This leadership insures a thorough and equitable study which will provide the basis for intelligent, statesmanlike legislative action.

I am delighted that both the A. F. of L. and the CIO are themselves devoting their energies so as to help the Congress arrive at a sensible solution to the problem. They are certainly working energetically to resolve the problem through self-discipline, and I commend them for that action.

I introduce the bill in the hope that it will provide a central point or a set of standards around which the subcommittee can conduct its investigations and hearings. My bill applies not only to funds which are administered by union officials, but also to funds which are administered exclusively by employers when those funds have been established in collective bargaining agreements.

MEDAL IN RECOGNITION OF DR. JONAS SALK DISCOVERER OF POLIO VACCINE

Mr. POTTER. Mr. President, the entire country has honored and paid homage to Dr. Jonas Salk for his antipolio vaccine. We of Michigan are particularly proud because the final phases of his great work were conducted at the University of Michigan. Therefore, in recognition of this notable achievement, I introduce, for appropriate reference, a joint resolution to provide for the coinage of a medal in recognition of the distinguished contribution to medicine made by Dr. Jonas Salk.

The ACTING PRESIDENT pro tempore. The joint resolution will be received and appropriately referred.

The joint resolution (S. J. Res. 66) to provide for the coinage of a medal in recognition of the distinguished contribution to medicine made by Dr. Jonas Salk, introduced by Mr. POTTER, was received, read twice by its title, and referred to the Committee on Banking and Currency.

STUDY OF EXTENT TO WHICH OFFICERS OF ANTICRIME CIVIC ORGANIZATIONS MAY BE REQUIRED TO DIVULGE CONFIDENTIAL SOURCES OF INFORMATION

Mr. KEFAUVER submitted the following resolution (S. Res. 91); which was referred to the Committee on the Judiciary:

Whereas there are now in active operation throughout the Nation about 25 privately financed and operated anticrime civic organizations, devoted to the gathering of information, statistics, data, and evidence relating to law enforcement; and to reporting to the public and appropriate public officials any indications of lax or inefficient law enforcement; and

Whereas these anticrime civic organizations are generally composed of responsible and reputable citizens motivated by patriotic efforts in behalf of clean government and civic decency, who voluntarily dedicate their time and money to this commendable public cause, and who usually employ capable and well-qualified directors of investigations who are often former FBI agents; and

Whereas these anticrime civic organizations are endeavoring on their own volition and resources to further the objectives outlined and recommended in the 1951 Senate Crime Investigation Committee report for citizen participation in, and public insistence for, high standards of community law enforcement; and

Whereas the national public interest and welfare critically require the continuing and active support of all respectable and law-abiding citizens throughout the Nation, if the rising menace of crime is to be suppressed and kept under control: Now, therefore, be it

Resolved, That the Federal Government should encourage, and aid by all reasonable and proper means, the continued active cooperation of citizens and functioning of civic anticrime committees; and be it further

Resolved, That the Senate Judiciary Committee, or an appropriate subcommittee thereof, is hereby directed to conduct an immediate study and report promptly to the Senate body as to the extent to which the officers and directors of such anticrime civic organizations should or should not be required to divulge confidential sources of information, except in cases involving treason, where such confidential information was ob-

tained by agreement that its source would be kept confidential, but wherein the substance of such information has been duly reported to an appropriate public official.

DISCOVERY, DEVELOPMENT, AND PRODUCTION OF MANGANESE-BEARING ORES AND CONCENTRATES—AMENDMENTS

Mr. HUMPHREY. Mr. President, I submit, for appropriate reference, amendments, intended to be proposed by me to the bill (S. 920) to encourage the discovery, development, and production of manganese-bearing ores and concentrates in the United States. The amendment would authorize the extension of our Government's manganese purchase program to the Minnesota Cuyuna Range.

There is a national self-interest in developing practical and economical processes of concentrating manganese ore from the very large low-grade deposits which can be found in the Minnesota Cuyuna Range. Nothing could be more important for the security of the United States than to develop a self-supporting process of beneficiating low-grade manganese ores. The evidence is clear from all the Government agencies who have studied the problem that the supply of manganese in the United States is limited, and that it is all-important to make our country as independent as possible of foreign-produced manganese and the hazards which attend such imports at times of national emergency.

Our Government has recognized this problem and in fact through its loan program helped to establish a manganese pilot plant at Ironton, Minn. This pilot plant has demonstrated the economic feasibility of beneficiating low-grade ore to usable products.

S. 920, which is now before the Senate Committee on Interior and Insular Affairs was introduced on the assumption that our national security demands a continuation of the manganese stockpile program. Based on that assumption, it appears clear to me that a depot should be established at Ironton or Crosby, Minn., so that we may as a nation make use of the low-grade ore to be found in the Cuyuna Range in northern Minnesota. It is estimated that anywhere from 150,000 to 200,000 tons of ore per year could be made available from northern Minnesota if a purchase depot could be established in that area to encourage operators to open manganese deposits and produce the units for stockpile.

It is with that purpose in mind that my amendment is submitted.

Later, Mr. President, I shall testify before the committee concerning the amendments.

The ACTING PRESIDENT pro tempore. The amendments will be received, printed, and referred to the Committee on Interior and Insular Affairs.

EXTENSION OF TRADE AGREEMENTS ACT—AMENDMENT

Mr. STENNIS. Mr. President, I submit, for appropriate reference, an amendment, intended to be proposed by me to the bill (H. R. 1) to extend the

authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes. I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was received, referred to the Committee on Finance, ordered to be printed, and to be printed in the RECORD, as follows:

At the end of the bill:

"Sec. (a) Paragraph 412 of the Tariff Act of 1930 is hereby amended by inserting before 'wood flour' the following: 'hardboard, whether or not provided for elsewhere in this act, and whether or not cut, stamped, or shaped for boxes or other articles, 33 1/3 percent ad valorem.'

"(b) For the purposes of section 350 of the Tariff Act of 1930, as amended, the rate of duty existing on January 1, 1945, for hardboard provided for in paragraph 412 of such act, as amended by subsection (a) of this section, shall be deemed to have been 33 1/3 percent ad valorem: *Provided, however,* That so long as any foreign trade agreement that shall have heretofore been entered into pursuant to section 350 of the Tariff Act of 1930, as amended, and any amendments thereto, that is applicable "to manufactures of wood or bark, or of which wood or bark is the component material of chief value, not specially provided for" in paragraph 412 of the Tariff Act of 1930 that are not specifically described in said foreign trade agreement, shall remain in force and effect, the rate of duty for hardboard provided for in paragraph 412 of such act, as amended by subsection (a) of this section, shall be 16 2/3 percent ad valorem, with like effect as though that rate had been included in said foreign trade agreement, excepting that said rate shall be subject to being increased or decreased hereafter by foreign trade agreements entered into pursuant to amendments to said section 350 of the Tariff Act of 1930, as amended, or other statutes that shall authorize the President to proclaim modifications of existing duties and other import restrictions, or additional import restrictions, or the continuance for minimum periods of existing customs or excise treatment of any article. Such hardboard, when the product of any nation or area designated by the President pursuant to section 5 of the Trade Agreements Extension Act of 1951, shall be subject to a duty of 33 1/3 percent ad valorem.

"(c) The amendment made by this section shall be effective with respect to hardboard, whether or not provided for elsewhere in the Tariff Act of 1930, as amended, and whether or not cut, stamped, or shaped for boxes or other articles, entered or withdrawn from warehouse, for consumption on and after the 30th day following the date of enactment of this act."

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. KNOWLAND:

Address delivered by him before the Indiana Republican Editorial Association, at Indianapolis, Ind., on April 16, 1955.

By Mr. GOLDWATER:

Address delivered by him before Society of Business Magazine Editors, in Washington, D. C., on April 7, 1955.

By Mr. MARTIN of Pennsylvania:

Addresses delivered before annual meeting of the Pennsylvania Manufacturers' Association by Senators DUFF and DIRKSEN; and

Representatives RICHARD M. SIMPSON, of Pennsylvania, and CHARLES A. HALLECK, of Indiana; also an address delivered by himself upon the same occasion.

By Mr. LEHMAN:

A report to the citizens of New York broadcast by him on April 17, 1955.

Address delivered by Senator McNAMARA on the State of Israel bond drive, delivered at San Francisco, Calif., on April 2, 1955.

By Mr. THYE:

Editorial entitled "Conquest of Polio," published in the Minneapolis Morning Tribune of April 13, 1955.

By Mr. HUMPHREY:

Letter on competition in the rubber industry, addressed by George J. Burger to Paul W. Litchfield.

By Mr. NEUBERGER:

Article entitled "Appraisal of F. D. R. a Decade Later," published in the Raleigh (N. C.) News and Observer of April 12, 1955.

By Mr. THURMOND:

Editorial from Edgefield (S. C.) Advertiser of April 6, 1955, in tribute to Miss Ouida Paterson, a public school teacher of Edgefield.

Article entitled "New Colored School Among the Finest in the Nation," published in the Edgefield (S. C.) Advertiser of March 9, 1955.

Article entitled "ROA Asks Burgess To Delay Reserve Officer Forceouts," written by Steve Tillman, and published in the Army Times of April 2, 1955, dealing with the relief from active duty of Reserve officers.

By Mr. CURTIS:

Letter of thanks from an Italian immigrant, published in the Omaha (Nebr.) World-Herald.

Letter from a constituent on developments in the Nation.

NOTICE CONCERNING NOMINATION OF JOHN T. WILLIAMS TO BE UNITED STATES MARSHAL, WESTERN DISTRICT OF TENNESSEE

Mr. KILGORE. Mr. President, on behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in the nomination of John T. Williams, of Tennessee, to be United States marshal for the western district of Tennessee for 4-year term, vice William Ernest Smith, resigned, to file with the committee in writing on or before Monday, April 25, 1955, any representations or objections they may wish to present concerning this nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE CONCERNING NOMINATION OF BENJAMIN M. TASHIRO TO BE JUDGE OF THE FIFTH CIRCUIT, CIRCUIT COURTS, TERRITORY OF HAWAII

Mr. KILGORE. Mr. President, on behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in the nomination of Benjamin M. Tashiro, of Hawaii, to be judge of the Fifth Circuit, Circuit Courts, Territory of Hawaii, for the term of 4 years, vice Philip L. Rice, elevated, to file with the committee in writing on or before Monday, April 25, 1955, any representations or objections they may wish to present concerning this nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE OF HEARING ON SENATE JOINT RESOLUTION 1, PROPOSING AN AMENDMENT TO THE CONSTITUTION RELATING TO THE LEGAL EFFECT OF CERTAIN TREATIES AND OTHER INTERNATIONAL AGREEMENTS

Mr. KEFAUVER. Mr. President, on behalf of the Subcommittee on Constitutional Amendments of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, April 27, 1955, at 10 a. m., in room 424, Senate Office Building, on Senate Joint Resolution 1, proposing an amendment to the Constitution of the United States, relating to the legal effect of certain treaties and other international agreements. Persons desiring to be heard should notify the committee by Monday, April 25, 1955, so that a schedule can be prepared for those who wish to appear and testify. The subcommittee consists of myself, chairman; the Senator from Missouri [Mr. HENNING]; the Senator from Texas [Mr. DANIEL]; the Senator from North Dakota [Mr. LANGER]; and the Senator from Illinois [Mr. DIRKSEN].

MARKETING QUOTA FOR DOMESTIC BEET AND MAINLAND CANE SUGAR—LETTERS FROM GOVERNOR FREEMAN, OF MINNESOTA

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a letter I received today from Gov. Orville L. Freeman, of Minnesota, together with a letter the Governor wrote to the President.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

ST. PAUL, MINN., April 1, 1955.

The Honorable HUBERT H. HUMPHREY,
Senator from Minnesota,
Senate Office Building,
Washington, D. C.

DEAR SENATOR: As Governor of Minnesota I want to commend your efforts in behalf of our domestic sugar beet producers and add my support to the appeal of our growers for an increase in marketing quotas for domestic beet and mainland cane sugar.

For your information, I am enclosing a copy of a letter I have today sent to President Eisenhower informing him of my concern. I want him to know that Minnesota solidly backs up the personal presentation you made to the President in behalf of our sugar beet industry.

The Minnesota State Federation of Labor and the St. Paul Chamber of Commerce are both supporting the request of our Red River Valley sugar beet producers, presenting a solid front of farmers, organized labor, and business interests of our State in behalf of our domestic sugar industry.

Sincerely yours,

ORVILLE L. FREEMAN,
Governor.

APRIL 1, 1955.

The Honorable DWIGHT D. EISENHOWER,
The President,
The White House,
Washington, D. C.

MY DEAR MR. PRESIDENT: Extension of the Sugar Act with amendments permitting domestic beet and cane growers to share in the annual increases in consumption of sugar and also a special marketing allowance for

1955 and 1956 to aid in disposing of surplus domestic sugar is urgently needed.

I know that the problems of the domestic sugar industry have been brought to your attention and are now being studied. I, therefore, will review only a few facts that have brought about the present sugar situation.

When the Sugar Act was amended in 1951 Cuba was granted temporarily a substantial share of increasing consumption, to enable her to dispose of surplus sugar resulting from overproduction following the war period. At this time it was pointed out by representatives of domestic areas that because of improvement in farming practices and increase in production per acre that the time was approaching when consideration would have to be given to increases in domestic quotas. That time has arrived.

In my State substantial increases in acreages are needed for the Red River Valley and two smaller areas. Sugar beets is one of our most needed and dependable rotation crops. I am therefore deeply concerned by the requirement to reduce acreage in 1955 and until such time as marketing quotas permit us to dispose of surplus sugar on hand.

I therefore most respectfully ask you to give all possible assistance in bringing about the prompt extension of the Sugar Act with an increase in marketing quota beginning in 1955 for domestic beet and mainland cane sugar.

Sincerely yours,

ORVILLE L. FREEMAN,
Governor.

MILK FOR MEMBERS OF THE ARMED FORCES

Mr. WILEY. Mr. President, for many years I have been interested in having made available to the members of our Armed Forces a maximum quantity of healthy, nutritious milk. I have prepared a statement on the subject. I ask unanimous consent to have the statement prepared by me printed in the body of the RECORD, as well as a copy of a letter from Mr. Henry A. DuFlon, Deputy Assistant Secretary of Defense, addressed to me.

There being no objection, the statement and the letter were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

For many years I have been interested in making available to the members of our Armed Forces a maximum amount of healthy, nutritious milk. This is a part of my overall effort to make available nature's best product for the school lunch program, the patients in our Veterans' Administration hospitals, and through every other channel where Uncle Sam can appropriately take action of making milk available.

Recently, I brought to the attention of Secretary of Defense Charles Wilson the importance of having all United States Armed Forces installations alert to the advisability of encouraging the installation of automatic vending machines to dispense milk.

Throughout our country today, wholly aside from Armed Forces installations, there are some three-quarters of a million vending machines dispensing cola and other type beverages, while there are only around 16,000 machines dispensing milk. Obviously, therefore, there is tremendous room for expansion of milk vending machines, and one area for doing so is among the Armed Forces.

I was pleased to hear from Mr. Henry A. DuFlon, Deputy Assistant Secretary of Defense that "as a result of (my) inquiry, we have given additional emphasis to increasing opportunities for sale of milk in Armed Forces exchanges."

Sales to members of the Armed Forces constitute, of course, but one of innumerable phases toward the end of increased dairy consumption, but it is an important phase, and I am hoping that the Department of Defense acts comprehensively on it.

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C.

HON. ALEXANDER WILEY,
United States Senate.

DEAR SENATOR WILEY: This is in further reply to your letter of March 10, 1955, relative to installation of automatic milk vending machines in Armed Forces cantonments.

The importance of making milk available to members of the armed services from the standpoint of both health and morale is recognized by the Defense Department. Vending machines dispensing packaged milk are authorized for use in Army, Navy, Air Force, and Marine Corps exchanges. At the present time a considerable number of dispensing machines are in operation on a contract basis.

The placing of milk vending machines on an installation is accomplished through the execution of an agreement between the exchange and the vending-machine operators. Such agreements are negotiated and awarded by the individual installation commander.

Any concern that is interested in installing vending machines dispensing packaged milk at military installations should contact the local exchange officer, as the requirement for this type of machine varies by installation.

The contents of your letter have been brought to the attention of appropriate officials in the services, and information on the availability of vending machines for the sale of milk is being sent to all installation commanders and exchange officers.

In this connection, it is desired to invite to your attention that in addition to milk being used in the commissary departments of military activities, it is sold at exchange operated cafeterias, soda fountains, snack bars, and mobile canteens.

We appreciate this opportunity to forward this information to you. As a result of your inquiry, we have given additional emphasis to increasing opportunities for sale of milk in Armed Forces exchanges.

Sincerely yours,
HENRY A. DUFLON,
Deputy Assistant Secretary.

FORMOSA AND AMERICAN FOREIGN POLICY

Mr. WILEY. Mr. President, the Washington Post and Times Herald of today carries a significant headline which reads "Chinese Reds Mass Opposite Formosa, Dulles Warns Ike," and contains the statement that Secretary Dulles has flown to inform the President of the facts. I might say, in view of those facts, that I was particularly impressed with the statement the Speaker of the House, Mr. RAYBURN, made a few evenings ago, parts of which I shall now read:

I would, therefore, beseech Democrats and Republicans alike to conduct themselves with a becoming restraint in all those things that pertain to war and peace, since they pertain also to the life and death of all men. Let us guide our debates with wisdom and inform our hearts with righteousness, lest we fall into shame and so into oblivion.

He said also:

We Democrats have conducted ourselves with the highest responsibility toward the President in his direction of the country's international relations.

I repeat the statement that we should "guide our debates with wisdom and in-

form our hearts with righteousness" in this troublesome hour, lest worse things come upon us.

CONTRIBUTIONS OF BENEFIT TO ALL MANKIND

Mr. SMITH of New Jersey. Mr. President, with all the disquieting news of the day, including the threat of shooting in the Far East, we can all rejoice over the dramatic announcement, last week, of the apparent effectiveness of the antipolio vaccine, discovered by Dr. Salk and his collaborators. And also there are rumblings of real advances in the field of atomic energy for the peaceful benefit of all mankind.

It is a great regret to me that on the occasion of the well-deserved dinner last Saturday in honor of Speaker RAYBURN, whom we all love and admire, some of our Democratic brothers should have used the opportunity to threaten in the eyes of the world the unity of America by purely political attacks on our President. What a chance they had to rejoice with us over these great human achievements that mean so much to a suffering and apprehensive world.

Along the line of the antipolio vaccine discovery, I have had recent contacts with dedicated men and women who are working here, and especially abroad, in the field of new health discoveries. We are really contributing to the elimination of such scourges as malaria, the devastating destructiveness of human life and happiness by "yaws," and the inevitable diseases that accompany famine conditions.

I desire to pay a special tribute to a friend of mine, Dr. R. Townley Paton, of New York, an eye specialist. In spite of the overwhelming demand of his private practice, he is giving of his time and energy to help build and support the eye institutions in Iran and other Middle East points which promise to save the children from the dreaded trachoma and other eye-destroying diseases. I wonder whether we realize the possible benefits to the world and to America's place in the world, if such ambassadors of goodwill could be given support reasonably commensurate with our military programs and defense mechanisms, important as they are.

And now there comes to our attention another great work carried on by people of good will throughout the world. I refer to the Children's Fund, originally inspired by former President Hoover's work for the children of the world, and now carried on at the U. N. under the brilliant and inspired leadership of Mr. Maurice Pate, one of Mr. Hoover's early converts.

Mr. President, the April 29 issue of Collier's magazine, released April 14th, contains an article entitled "Asia's Best Friend." It describes the great work of Spurgeon M. Keeny, known as Sam Keeny, one of the chief bulwarks of the work of the United Nations Children's Fund. He is the director of the Asia Regional Office for the Fund. At one time Mr. Keeny worked under former President Hoover in the American Relief Administration in Russia. He symbolizes

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued April 20, 1955

For actions of April 19, 1955

84th-1st, No. 64

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House received conference report on supplemental appropriation bill. Senate debated Colorado reclamation project. House subcommittee voted for bill to authorize loans to non-Federal reclamation projects. Senate committee voted on various provisions of trade agreements bill. Sens. Russell, Stennis, and Johnston criticized USDA's adverse attitude on bill to provide additional acreage allotments in freeze areas. Rep. Betts introduced and discussed bill to eliminate 15-acre requirement for wheat-referendum vote.

HOUSE

1. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1955. Received the conference report on this bill, H. R. 4903 (H. Rept. 426) (pp. 3985-6). The conferees agreed to \$650,000 for disease and pest control (House, \$500,000; Senate, \$700,000); eliminated the \$7,000,000 Senate item for the school lunch program; reported in disagreement the Senate amendment to reimburse the President's disaster fund for wind erosion control under ACP; agreed to transfer of \$6,500,000 for the UN technical assistance program (House, \$4,000,000; Senate, \$8,000,000); agreed to \$3,500,000 for forest highways (House, \$3,000,000; Senate, \$4,000,000); and agreed to \$7,500,000 for unemployment compensation for Federal employees (Senate, \$13,000,000).

The bill also provides \$2,570,000 for forest-pest control and makes ARS and FS appropriations available for uniform allowances.

2. RECLAMATION. A subcommittee of the Interior and Insular Affairs Committee voted to report to the full Committee H. R. 104, to provide for Federal cooperation in non-Federal reclamation projects and non-Federal participation in Federal projects (p. D306).

Rep. Hosmer spoke in favor of using more of the West's water for industrialization and less emphasis on reclamation for agricultural purposes (pp.4012-15).

3. PERSONNEL. The Rules Committee reported a resolution for consideration of H. R. 4644, the postal-pay bill (pp. 4000-1).
4. TREASURY-POST OFFICE APPROPRIATION BILL, 1956. House conferees were appointed on this bill, H. R. 4876 (p. 3981). Senate conferees have been appointed.
5. RIVER DEVELOPMENT. Rep. Trimble criticized Budget Circular A-47, relating to allocation of costs of river projects under the Corps of Engineers (pp. 4020-2).
6. PENALTY MAIL. Both Houses received from the Post Office Department a proposed bill to repeal the requirement for departments to report to the Postmaster General the number of penalty envelopes and wrappers on hand at the close of each fiscal year; to Committees on Post Office and Civil Service (pp. 4025, 3898-9).

SENATE

7. RECLAMATION. Continued debate on S. 500, to authorize the Colorado reclamation project (pp. 3911-80). Sen. Bennett inserted a letter from Secretary Benson on the need for additional agricultural land (p. 3973).
 8. FARM RELIEF; ACREAGE ALLOTMENTS; FARM LOANS. Sens. Russell, Stennis, and Johnston criticized the Department for recommending against S. 1628, which would provide additional acreage allotments to farmers whose crops are damaged by the weather, etc., including the recent freeze; stated that the Department should have recommended an alternative solution to the problem; and objected to the increase to 5% in the interest rate on certain farm loans (pp. 3909-11).
 9. TRADE AGREEMENTS. The Finance Committee voted on various provisions of H. R. 1, the trade agreements bill, including a provision to continue the program until June 30, 1958 (pp. D303-4).
 10. FARM PROGRAM. Sen. Humphrey inserted a Farmers Union Central Exchange (St. Paul) resolution regarding the dairy program, family farm policy, farm program, rural electrification, natural resources, etc. (pp. 3901-2).
 11. PERSONNEL. The Post Office and Civil Service Committee voted to report S. 1094, to remove the appropriation limitation on Federal employees' uniform allowances (p. D304).
 12. FEDERAL REAL PROPERTY. The Legislative Reporting Staff has obtained a supply of S. Doc. 32 (Apr. 13, 1955), "Inventory Report on Federal Real Property in the U. S. as of December 31, 1953, Prepared by General Services Administration at the Request of the Committee on Appropriations of the U. S. Senate."
- #### ITEMS IN APPENDIX
13. DAIRY INDUSTRY. Rep. Johnson, Wisc., inserted 3 Collier's magazine articles, "Milk 12 Cents a Quart," discussing problems facing dairy farmers and consumers on the selling and consumption of milk; and stated that he hoped that the House Agriculture Dairy Subcommittee "will soon have some authoritative information on these problems..." (pp. A2571-4).

Daily Digest

HIGHLIGHTS

Senate agreed to limit debate on upper Colorado River storage bill.

House passed bill aiding local-service air carriers.

Senate

Chamber Action

Routine Proceedings, pages 3898-3909

Bills Introduced: 13 bills and 1 resolution were introduced, as follows: S. 1724 to S. 1736; and S. Con. Res. 24.

Pages 3903, 3905-3906

Bills Referred: 12 House-passed bills and 1 House-passed concurrent resolution were referred to appropriate committees.

Pages 3897-3898

Labor Subcommittee Meeting: Subcommittee on Labor of the Committee on Labor and Public Welfare was authorized to meet tomorrow while Senate is in session.

Page 3898

Colorado River Storage: Senate continued consideration of S. 500, authorizing construction, operation, and maintenance of the Colorado River storage project and participating projects, reaching unanimous-consent agreement to limit debate thereon as follows: Following routine morning business on Wednesday, April 20, debate on any amendment, motion, or appeal (except motion to lay on table) shall be limited to 1 hour, equally divided, and debate on final passage of bill shall be limited to 2 hours, equally divided; no nongermane amendment may be received.

Pages 3911-3980

Confirmations: Two judicial nominations were confirmed.

Page 3980

Nomination—Withdrawal: The nomination of one postmaster was withdrawn.

Page 3980

Program for Wednesday: Senate recessed at 6:07 p. m. until noon Wednesday, April 20, when it will continue under debate limitation on S. 500, upper Colorado River storage project.

Committee Meetings

(Committees not listed did not meet)

APPROPRIATIONS—AGRICULTURE

Committee on Appropriations: Continuing its hearings on H. R. 5239, appropriations for the Department of Agriculture and Farm Credit Administration for fiscal

1956, the Agriculture Subcommittee heard testimony from: (1) Representative Griffiths, who discussed a directive recently issued by the Department of Agriculture affecting home economics research, (2) representatives of various farm and agricultural organizations, who discussed the bill generally, and (3) representatives of parents associations, who appeared in support of school-lunch programs.

Hearings continue tomorrow.

APPROPRIATIONS—DEFENSE

Committee on Appropriations: Subcommittee continued its hearings on fiscal 1956 budget estimates for the Department of Defense, with testimony on funds for research and development from Assistant Secretary of Defense Donald A. Quarles, and on funds for comptrollership activities from Assistant Secretary of Defense W. J. McNeil.

Hearings continue tomorrow.

APPROPRIATIONS—INTERIOR

Committee on Appropriations: Continuing its hearings on H. R. 5085, appropriations for the Department of Interior and related agencies for fiscal year 1956, subcommittee heard testimony from Representative Hagen on additional funds for timber sales by the Bureau of Indian Affairs, and from several outside witnesses on various provisions of the bill.

Hearings continue tomorrow.

TRADE AGREEMENTS AND NOMINATION

Committee on Finance: Continuing its executive consideration of H. R. 1, to extend the authority of the President to enter into trade agreements, the committee took the following actions:

(1) By voice vote, extended authority of President to enter into new trade laws until the close of June 30, 1958 (motion to limit extension to 2 years was defeated by vote of 8 to 7);

(2) Deleted subsections permitting President to avoid subdivision of classification categories, and fractions in the setting of rates;

(3) Voted to require President to submit a report on the operation of the Trade Agreements Program, and

added to provisions of the bill requirement that the Tariff Commission also make such a report; and.

(4) Approved an amendment requiring Tariff Commission to make public immediately escape-clause reports.

Also, the committee changed the language of subsection A, section 3 (enumerated Presidential powers) to conform to language used in prior extensions, and agreed to defer consideration of provisions relating to General Agreement on Tariffs and Trade pending committee consideration of H. R. 5550, authorizing U. S. membership in the Organization for Trade Cooperation, which organization would administer GATT.

The committee will meet again tomorrow when it will consider provisions relating to rate concessions and amendments to strengthen escape-clause and peril-point provisions of existing law. The Neely oil amendment and other commodity amendments will be taken up on Friday or Monday next.

Also in today's session the committee ordered favorably reported the nomination of Orley McGlothlin, of Colorado, to be collector of customs at Denver.

YALTA PAPERS

Committee on Foreign Relations: The committee met in executive session to hear Secretary of State Dulles testify regarding circumstances of the release to the public of the Yalta papers.

SALINE WATER PROGRAM

Committee on Interior and Insular Affairs: The Subcommittee on Irrigation and Reclamation held hearings on S. 516, extension of the saline water program, with testimony favoring enactment of the bill from the following witnesses: Senator Case, sponsor of the bill; Edward Frye, Office of Assistant Secretary, who read a statement for Assistant Secretary Fred G. Aandahl, both of the Department of the Interior; David Jenkins, Director, Saline Water Program, Interior Department; Dean Sherwood, MIT; and James Applebaum, Oil, Chemical, and Atomic Workers Union, CIO, Denver.

CONSTITUTIONAL AMENDMENTS

Committee on the Judiciary: The Subcommittee on Constitutional Amendments, in executive session, ordered favorably reported to the full committee the following:

(1) With amendments, S. J. Res. 8, to amend the Constitution to authorize governors to fill temporary vacancies in Congress caused by disaster;

(2) Without amendment, S. J. Res. 31, proposing a constitutional amendment providing for the election of the President and the Vice President; and

(3) With an amendment, S. J. Res. 27, proposing a constitutional amendment providing for nomination of candidates for President and Vice President by primary elections.

INTERNAL SECURITY

Committee on the Judiciary: The Internal Security Subcommittee continued its hearings regarding the recanting by Harvey Matusow of some of his previous testimony. Witnesses today were: Harry Sacher, counsel for the defendants in the Flynn (Communist) case, New York; Robert E. Lewis, an attorney and associate of Harry Sacher; Mrs. Anita Willcox, South Norwalk, Conn., who furnished \$10,000 bond for Matusow in the Texas case; and Joseph Starobin, of New York, formerly the foreign editor of the Daily Worker—each of these witnesses was in some way connected with Matusow's book, False Witness, or on his recantation of certain previous testimony, and Messrs. Lewis and Starobin and Mrs. Willcox refused, on grounds of possible self-incrimination (fifth amendment), to answer some questions of the subcommittee:

V. O. Overcash, of Cut Bank, Mont., and J. H. Morrow, of Bozeman, Mont., both of whom discussed their part in Matusow's speaking tour in Montana in 1952; and

John Lautner, of Washington, D. C., a former Communist, who stated that he had attended Communist meetings with Nathan Witt and Harry Sacher.

Hearings continue tomorrow.

FAIR LABOR STANDARDS ACT AMENDMENTS

Committee on Labor and Public Welfare: The Subcommittee on Labor continued its hearings on amendments to the Fair Labor Standards Act, with testimony today from Jacob S. Potofsky, president, Amalgamated Clothing Workers of America, Arthur Goldberg, general counsel, and Max Greenberg, president, Retail, Wholesale, and Department Store Union, all of the CIO; and Anthony Valente, president, Textile Workers of America, AFL.

Hearings continue tomorrow.

UNIFORMS, MAILING PRIVILEGES, AND NOMINATIONS

Committee on Post Office and Civil Service: Committee, in executive session, ordered favorably reported without amendment S. 1094, to remove limitation on amount of appropriations to be granted to Federal agencies for uniforms under Federal Employees Uniform Act; with amendments S. 1516, providing retirement, clerical assistants, and free mailing privileges to former Presidents of the U. S.; and 121 postmaster nominations.

SURVEY FOR FLOOD CONTROL

Committee on Public Works: The Subcommittee on Flood Control—Rivers and Harbors held hearings on S. 414, providing for preliminary examination and survey of New England coastal areas to determine possible means of preventing property damage and loss of life due to hurricane winds and tides. Testimony favoring enactment of the bill was received from Senators

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued April 21, 1955

For actions of April 20, 1955

84th-1st, No. 65

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: Both Houses agreed to conference report on 2nd supplemental appropriation bill. Both Houses received President's foreign aid message. Senate passed Colorado reclamation bill. Senate committee reported bills to: amend rice-quota provisions, authorize sale of forest tracts, continue livestock-loans program, repeal REA State formula, repeal tie-in of ACP with acreage allotments, provide additional acreage allotments for freeze areas, etc. Senate committee ordered reported measure directing USDA to study burley tobacco problem. House passed postal pay raise bill. Rep. Moulder urged investigation of Mo. Agricultural Stabilization Committee's methods. Sens. Carlson and Morse introduced and discussed bills to provide two-price wheat plan. Sens. Johnston and Thurmond introduced, and Sen. Thurmond discussed, bills to limit interest on certain farm loans to 3%. Rep. Gathings commended Secretary's handling of Japanese rice negotiations.

SENATE

1. SECOND SUPPLEMENTAL APPROPRIATION BILL, 1955. Both Houses agreed to the conference report on this bill, H. R. 4903, and acted on amendments which had been reported in disagreement (pp. 4079-80, 4082-4). The House concurred in the Senate amendment regarding the wind erosion control item. For other items of interest to this Department, see Digest 64. This bill will now be sent to the President.
2. FOREIGN AID. Both Houses received the President's message recommending continuation of the Mutual Security Program under an International Cooperation Administration in the State Department; to Senate Foreign Relations Committee and House Foreign Affairs Committee (H. Doc. 144)(pp. 4080, 4084-6).
3. RECLAMATION. Passed, 58-23, with amendments S. 500, to authorize the Colorado River storage project (pp. 4048-73).
4. LOYALTY DAY. Passed without amendment H. J. Res. 184, to designate May 1, 1955,

as Loyalty Day (p. 4073). This measure will now be sent to the President.

5. TRADE AGREEMENTS. The Finance Committee made additional tentative decisions regarding various provisions of H. R. 1, the trade agreements bill (p. D311).
6. RICE QUOTAS. The Agriculture and Forestry Committee reported without amendment H. R. 2839 (S. Rept. 213) and H. R. 4356 (S. Rept. 214), and with amendments H. R. 4647 (S. Rept. 211), to amend various provisions of the rice marketing quota laws (p. 4031).
7. FORESTRY. The Agriculture and Forestry Committee reported with amendments S. 1079, to authorize sale of isolated or protruding tracts of national forest land (S. Rept. 207)(p. 4031).
8. LIVESTOCK LOANS. The Agriculture and Forestry Committee reported without amendment S. 1372, to amend the act of April 6, 1949, to extend the period for emergency assistance to farmers and stockmen (S. Rept. 208)(p. 4031).
9. RURAL ELECTRIFICATION. The Agriculture and Forestry Committee reported with amendment S. 153, to amend the Rural Electrification Act so as to eliminate the requirement that not more than 10% of the loans may be made in any one State (S. Rept. 209)(p. 4031).
10. SOIL CONSERVATION; ACREAGE ALLOTMENTS. The Agriculture and Forestry Committee reported without amendment H. R. 1573, to repeal the requirement that farmers must comply with acreage allotments on basic crops in order to be eligible for ACP payments (S. Rept. 210).
11. ACREAGE ALLOTMENTS; FARM RELIEF. The Agriculture and Forestry Committee reported with amendments S. 1628, to provide relief to farmers and farmworkers suffering crop losses or loss of employment because of damage to crops caused by drought, flood, hail, frost, freeze, wind, insect infestation, plant disease, or other natural causes (S. Rept. 206)(p. 4031).
12. LAND TRANSFER. The Agriculture and Forestry Committee reported without amendment S. 998, to authorize conveyance of a tract of ARS land to Woodward, Okla. (S. Rept. 212)(p. 4031).
The Agriculture and Forestry Committee ordered reported H. J. Res. 107, to permit Federal release of reversionary rights in certain former FHA land located at Kern County, Calif. (p. D310).
13. TOBACCO. The Agriculture and Forestry Committee ordered reported S. J. Res. 60, directing the Secretary of Agriculture to make a study and report regarding burley tobacco marketing controls (p. D310).
14. AGRICULTURAL STABILIZATION COMMITTEE. Received a Mo. State legislature resolution requesting the USDA to investigate the activities of the Mo. State ASC committee in the dismissals of duly elected local committeemen, the suspension of the William Young McCaskill and Smith Feed Co. as certified drought feed dealers, etc. (pp. 4029-30).
15. ELECTRIFICATION. Sen. Neuberger spoke in favor of increased appropriations for the John Day Dam, Columbia River, and inserted an Oregonian editorial on this subject (p. 4080).

WAR HOUSING TRANSFER, FNMA, AND VA LOAN AUTHORITY

Committee on Banking and Currency: The Subcommittee on Housing held hearings as follows:

On S. 755, authorizing conveyance of certain war housing projects to the city of Warwick, Va., and to the city of Hampton, Va., with testimony from Charles E. Slusser, Commissioner, Public Housing Administration, and representatives of the cities of Warwick and Hampton, all of whom favored enactment of the bill;

On S. 1575, to amend the National Housing Act to provide for extension of certain purchase contracts of the Federal National Mortgage Association and S. 1645, to permit certain holders of mortgage purchase contracts with FNMA to exercise their rights under such contracts for additional periods of not to exceed 90 days, with opposing testimony from Albert M. Cole, Commissioner of HHFA, and Robert W. Reid, of the FNMA, and testimony favoring the bills (preferably S. 1575) from George S. Goodyear, National Association of Homebuilders; and

On S. 654, to extend the VA's direct-loan authority under title III of the Servicemen's Readjustment Act to correspond to the expiration dates provided for guaranteed loans under such title, with testimony from Thomas J. Sweeney, VA loan guaranty officer, who urged extension of the program for 2 years; and John S. Mears, American Legion, Charles E. Foster, DAV, and A. M. Downer, VFW, all of whom favored the bill.

TRADE AGREEMENTS

Committee on Finance: Committee continued its executive consideration of H. R. 1, to extend the authority of the President to enter into trade agreements, after which it made the following announcement:

TENTATIVE DECISIONS MADE BY SENATE FINANCE COMMITTEE ON H. R. 1

The Finance Committee today discussed and by a vote of 11 to 1 adopted amendments to H. R. 1, proposed by Senator George, which would permit a completion of current trade agreements negotiations on the base of 50 percent of the January 1, 1945, rate, but which would prohibit additional cuts of 15 percent in any case where negotiations now in progress resulted in reductions of 15 percent or over. The amendments specifically change the base date for the 15 percent authority from July 1 to January 1, 1955.

Over 300 specific items are involved in the current negotiations including many chemicals, chinaware, glassware, metal products, agricultural products, fish products, and certain textiles.

The amendments also include the deletion of the part of the bill which would allow reductions of 50 percent of the January 1, 1945, rate on all items normally not imported or imported in negligible quantities.

The next meeting of the committee will be Monday, April 25, 1955, at which time the oil and other commodity amendments will be taken up.

REVIEW OF THE UNITED NATIONS CHARTER

Committee on Foreign Relations: Continuing its hearings, the Subcommittee on the U. N. Charter heard testimony from the following witnesses: Senator Bricker; Ernest Gross, former Deputy U. S. Representative to the U. N.; Jerry Voorhis, Cooperative League; George W. Williams, attorney of Baltimore; Clark M. Eichelberger, American Association for the U. N.; Merwin K. Hart, president, National Economic Council; Omar B. Ketchum, National Legislative Service, accompanied by F. J. McNamara, director, American Sovereignty Campaign, VFW; and Fred G. Bauer, American Coalition.

Hearings continue tomorrow.

INDIANS—MINERAL LANDS

Committee on Interior and Insular Affairs: The Indian Affairs Subcommittee held hearings on S. 33, relating to the exploration, location, and entry of mineral lands within the Papago Indian Reservation. Testimony favoring its enactment was received from Senator Goldwater, Mark Manuel, of Sells, Okla., chief of Papago Tribal Council, and Thomas Segundo, a Papago Indian.

Subcommittee will meet again tomorrow.

ADMINISTRATION OF REFUGEE ACT

Committee on the Judiciary: Continuing its hearings with regard to charges made by Secretary of State Dulles and Edward J. Corsi, formerly of the Office of Refugee and Migration Problems, Subcommittee on Refugees and Escapees, State Department, concerning the administration of the Refugee Act of 1953. Further testimony was given by Scott McLeod, Administrator, Bureau of Security and Consular Affairs, State Department, who alleged that confusion had existed as to Mr. Corsi's duties and responsibilities in the Department, Mr. McLeod having understood that Mr. Corsi had accepted employment to assist him, whereas Mr. Corsi had a different understanding of his work.

Further testimony was also given by Edward J. Corsi, who reported on an official trip he had made to Europe when he was accompanied by personnel of the State Department and who also testified as to his understanding of the scope of his duties and to whom he was responsible in his former position.

Hearings continue tomorrow.

INTERNAL SECURITY

Committee on the Judiciary: The Internal Security Subcommittee had as its witness today Harvey Matu-sow, a former Communist, who has recanted on some of his previous testimony. The witness, who is presently free on appeal bond from proceedings in a Federal district court in Texas, was questioned with regard to documents that he had supplied to the subcommittee.

and documents that the New York court (before which he testified) had supplied to the subcommittee.

Hearings were recessed subject to call of the Chair.

YOUTH EMPLOYMENT PROBLEMS

Committee on the Judiciary: Juvenile Delinquency Subcommittee held hearings on youth employment problems, with Senator Kefauver presenting his statement on this subject, and stressing the need for these hearings. Others heard by the subcommittee were G. Howland Shaw, chairman, subcommittee on youth employment, D. C. Commissioners' Youth Council, and special adviser to this subcommittee, who outlined the problem as it exists today and made suggestions for providing more counseling and guidance for teenagers who drop out of school or come in conflict with the law; Charles Odell, chief of counseling, selective placement and testing, Bureau of Employment Security, Labor Department, who described employment service's program for high-school graduates, emphasizing the need for more counseling and guidance in schools and the need for special educational services to deal with the emotionally maladjusted and retarded, and who also called for closer cooperation between schools and employment services in providing help and guidance toward employment for teenagers; and Elizabeth S. Johnson, Chief, Division of Child Labor and Youth Employment, Bureau of Labor Statistics, Labor Department, who gave the trends in employment for young workers, stressing need for cooperation between schools and employment servicing, and making available to the subcommittee the latest research on youth and employment and problems connected therewith, pointing out there will be 12 million students by 1960—double the number in 1950, which complicates the entire problem.

Hearings continue tomorrow.

FAIR LABOR STANDARDS ACT AMENDMENTS

Committee on Labor and Public Welfare: The Labor Subcommittee continued its hearings on several bills proposing amendments to the Fair Labor Standards Act, and heard testimony from: David Dubinsky, president, International Ladies' Garment Workers' Union, AFL; S. G. Lippman, general counsel, Retail Clerks International Association, AFL; James B. Carey, president, International Union of Electrical, Radio, and Machine Workers, CIO; Joseph A. Beirne, president, Communications Workers of America, CIO, accompanied by Mrs. Alene Lemon, a telephone company employee; and Jack G. Day, counsel, Mechanics Educational Society of America.

Hearings continue tomorrow.

UNEMPLOYMENT

Committee on Labor and Public Welfare: The Unemployment Subcommittee resumed its hearings into the cause or causes of unemployment in certain industries, with testimony today from Charles P. Taft, president,

Committee for National Trade Policy. Mr. Taft discussed problems of unemployment faced by the coal and oil industries.

Subcommittee adjourned subject to call of the chair.

NEW ENGLAND HURRICANE TIDAL FLOODS

Committee on Public Works: The Subcommittee on Flood Control—Rivers and Harbors held hearings on S. 524, to investigate the problem of protecting Narragansett Bay and the southern shores of New England from hurricane tidal floods. Testimony favoring enactment of this bill was heard from the following witnesses: Senators Green and Pastore; Governor Roberts of Rhode Island; Mayors Walter H. Reynolds of Providence, R. I., and Joseph Mills of Warwick, R. I.; Robert H. Simpson, U. S. Weather Bureau; John Clemens and A. Perry Avery, both of Providence Chamber of Commerce; E. T. Dahl, Hammel-Dahl Co., Warwick, R. I.; Arthur Gervasini and Frank Cappuccio, both of Westerly, R. I.; Judge James Watts, Narragansett, R. I.; William Leslie Jr., Kingstown, R. I.; Nathaniel Smith, Jr., Wakefield, R. I., Chamber of Commerce; Frank L. Martin, Bristol, R. I.; Roswell S. Bosworth, Jr., Harbor Development Commission, Bristol, R. I.; and Theron S. Curtis, Providence Hurricane Protection Committee.

Subcommittee will meet again tomorrow.

FEDERAL ELECTIONS

Committee on Rules and Administration: Continuing its hearings on S. 636, to revise the Federal election laws and to prevent corrupt practices in Federal elections, Subcommittee on Privileges and Elections heard testimony from Representative Hagen, who favored provisions of the bill generally but recommended in addition that candidates be allowed a reasonable limit of spending in their own campaigns, that a candidate be allowed liberal income-tax deduction for his own campaign expenditures and that individual contributors be allowed as much as \$100 income-tax deduction for political contributions, and Representative Hagen stated that disclosures required as to political expenditures are not now complete enough to give the public the information it should have. Testimony also was given by Mrs. Clara Shirpsen, California Democratic Committee-woman, who also generally favored S. 636, except that an increase from \$5,000 to \$10,000 in limit on individual contributions might result in a "bonus" to wealthy families; she also recommended that prohibition against contributions from certain interests be extended to those engaged in gambling, liquor business, or public utilities; Mrs. Shirpsen also recommended that political committees as a relief from administrative work not be required to report petty expenditures.

Subcommittee continues on Tuesday, April 26.

MILITARY PROCUREMENT POLICIES

Select Committee on Small Business: The Subcommittee on Military Procurement began hearings on Defense

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11. RURAL ELECTRIFICATION. S. 153, to repeal the State REA formula, was passed over at the request of Sen. Bible (p. 4241).
12. CONSERVATION ACREAGE. Sen. Humphrey spoke in support of S. 1396, to establish a Conservation Acreage Reserve "which is aimed at getting some of our surplus acreage out of grain production and back into grasslands" (pp. 4245-7).
13. LAND REFORM. Sen. Humphrey urged that the U. S. Government publicize its support of land reform and referred to the Ladejinsky case in this connection (pp. 4247-9).
14. FOREIGN TRADE. Sen. Gore urged the passage of H. R. 1, the trade agreements extension bill, and stated that, "Not only are cotton farmers, rice farmers, tobacco farmers, and wheat farmers interested in export trade, but so are 200,000 textile workers." Several other Senators discussed the pros and cons of this bill (pp. 4269-83).
15. RECLAMATION; ELECTRIFICATION. Sen. Morse spoke in favor of a Federally-financed high dam at Hells Canyon, and inserted several telegrams, letters, etc., in support of this project (pp. 4285-91).
16. FOREIGN AID. Sen. Lehman inserted a N. Y. Times editorial commending the President on his foreign aid policy as being "not merely wise and humane," but "conservative in the face of the need" (pp. 4229-30).
17. WHEAT. Received a N. Dak. Legislature resolution requesting the Secretary "to take appropriate steps to correct unwarranted and unfair discrimination in respect to acreage allotments for hard spring wheat farmers in North Dakota" (p. 4209).
Sen. Langer inserted a N. Dak. Farm Bureau (Jamestown) resolution protesting certain incentives, such as nonrecourse loans and high levels of parity supports, to increase the production of durum wheat (p. 4214).
18. PRICE SUPPORTS. Sen. Langer inserted a Farmers Union Local, Minot, N. Dak., resolution favoring 109% parity prices for farmers (p. 4214); and Farmers Union, McKenzie Co., N. Dak., resolutions urging an exemption of 100 acres from wheat acreage allotments to all farmers, 100% price supports on all agricultural products, etc. (pp. 4212-3).
19. RURAL ELECTRIFICATION. Sen. Humphrey inserted an East Central Electric Association (Braham, Minn.) resolution opposing the changes in the REA recommended by the Hoover Commission Task Force report (p. 4214).
20. DAIRY IMPORTS. Sen. Wiley discussed "the failure of foreign dairy products to conform to the high and exacting sanitary codes to which our American dairy products must comply," and inserted a Cheese Producers Marketing Association letter on this subject (p. 4228).
21. LABOR. Sen. Fulbright discussed a recent decision of the U. S. District Court for the District of Columbia, based on his amendment to the Walsh-Healey Act in 1952 permitting the Labor Dept. to review prevailing minimum-wage orders, and its effect on the textile industry wage scale; and inserted two articles on this subject (pp. 4267-8).

22. FARM LOANS. Rep. Patman and others criticized the increase in interest rates on disaster loans from 3% to 5%, deplored the decline in farm prices, and inserted several articles concerning the current economic situation (pp. 4192-9).
23. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 3948, to clarify the Federal Employees Uniform Allowance Act relative to enactment date (H. Rept. 438) (p. 4205).
24. FORESTRY. The Interior and Insular Affairs Committee reported without amendment H. R. 2679, to amend the act to protect scenic values along Oak Creek Canyon and certain tributaries thereof within the Coconino National Forest, Ariz. (H. Rept. 437) (p. 4205).
25. ALASKA; PUBLIC LANDS. The Subcommittee on Territories, Interior and Insular Affairs Committee, ordered reported with amendments, H. R. 603, to remove certain conditions relating to the law granting additional public lands for the support and maintenance of the University of Alaska (p. D330).
26. FOREIGN AID. Both Houses received from the State Department a report on the Chinese emergency aid program (pp. 4205, 4207).
27. ORGANIZATION; EXECUTIVE. Received from the President a supplemental appropriation estimate for the fiscal year 1955 in the amount of \$263,475 for the Commission on Organization of the Executive Branch of the Government (H. Doc. 147); to the Appropriations Committee (p. 4204).
28. ROADS; HAWAII; TREATIES. Received petitions, etc., urging construction of highway known as the Navaho Trail and transfer to Hawaii of title to the remaining public lands and other public property in Hawaii; and supporting the Bricker amendment to limit the President's treaty-making powers (pp. 4205-6).
29. MONOPOLIES. Extension of remarks of Rep. Willis discussing recommendations of the Attorney General's committee to study the antitrust laws and inserting a Calif. and Hawaiian Sugar Refining Corp. resolution opposing certain proposed recommendations of the committee (pp. A2696-7).
30. IRRIGATION. Rep. Budge inserted a Capital Journal (Portland, Oreg.) editorial discussing hearings which were held on the proposed Hells Canyon Dam and stating that "there is a lot of opposition to this project" (p. A2698).
Rep. Johnson (Wis.) inserted a Wis. State Council of Carpenters resolution favoring the Hells Canyon Dam as a multiple power and irrigation project (pp. A2735-6).
31. SURPLUS COMMODITIES; FOREIGN TRADE. Extension of remarks of Rep. Willis criticizing the disposal of surplus commodities and stating that "...the cold fact is that our surplus farm commodities have not moved in the channels of foreign trade as contemplated and directed by Congress," and inserting correspondence with USDA and State Department on this subject (pp. A2698-9).
32. PERSONNEL. Rep. Holifield inserted Chet Huntley's recent radio address commenting on the relationship between Federal employees and the Nat'l Federation of Federal Employees (p. A2700).

Senate a member of the Australian Parliament, the Honorable Ken Anderson, from Sydney, New South Wales.

[Applause, Senators rising.]

The PRESIDING OFFICER (Mr. McNAMARA in the chair). On behalf of the Senate, the Chair welcomes the distinguished Member of the Parliament of Australia. All of us are very glad to have the opportunity to greet him and to have him visit the Senate and our country.

INTERNATIONAL TRADE

Mr. GORE. Mr. President—

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The Senator from Tennessee.

Mr. KEFAUVER. Mr. President, will the junior Senator from Tennessee yield so that I may suggest the absence of a quorum?

Mr. GORE. Mr. President, I ask unanimous consent that I may yield for that purpose, without losing the floor.

Mr. KEFAUVER. In view of the great importance of the speech which will be made by my colleague, the junior Senator from Tennessee, a speech which I hope as many Senators as possible will hear, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KEFAUVER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Mr. President, the Senate Finance Committee is now nearing the conclusion of its consideration of H. R. 1, a bill to extend and modify the reciprocal trade agreements program. It is expected that the bill will reach the floor of the Senate within a few days.

In terms of our own economic prosperity and progress, and in terms of the units of nations in the grand alliance of free nations of the world, its importance can not be overemphasized. Our foreign trade policy serves as the cornerstone of all our foreign policy, and its success or failure can mean the difference between prosperity or adversity in our domestic economy, the difference between a prosperous export trade, or falling domestic prices and unmanageable surplus. It can mean the difference between a high level of employment, or unemployment for American workers. It can mean the difference between profit and loss for thousands of American businesses.

It can mean the difference between allied economic solidarity, or stagnation of trade and economic division in the free world.

We can not for a moment afford to underestimate the importance of the decision we make on H. R. 1.

For 2 years now our foreign economic policy has been sick. On two successive Junes, just as it was about to draw its last breath, it has been revived temporarily by 1-year extension of life. Nothing has been done to get at the root of the illness, nothing has been done to breathe into it new life and vitality.

Two years ago when the Eisenhower administration came into office it was faced with the problem of what to do to bolster our sagging world trade and to secure the economic solidarity among nations of the free world which had been achieved at such great cost. Since there was a new team in control of both the administration and the Congress, it was argued—and with some justification—that time was needed to study the situation. The Randall committee, composed of notable cast, was appointed to study and report.

But no positive action on a world trade program was taken. Instead, we marked time for a year by enacting a simple and practically meaningless 1-year extension. During that year we did nothing to enhance our trade position—not one single new trade agreement was made.

But while we marked time the Communist world went into action, making trade overtures to many of our customers in the free world. Those overtures met with considerable success. While we made no new trade agreements, the Russians concluded agreements with 15 of our allies, and the Red Chinese with 13.

Last year, with the Randall Committee study completed, the President sent to the Congress on March 30, recommendations for a trade program. He asked for a 3-year extension of the Trade Agreements Act along with some cautious liberalization which he called the "minimum" he considered "essential." I was disappointed that the President did not go further in his recommendations for trade liberalization, but I thought the program he did submit was good as far as it went.

The President's program last year met a storm of opposition from members of his own party in Congress. Eventually he chose to back down on his request rather than face the hostility of members of his party. He said he would settle for another 1-year extension, and despite efforts of Senators on the Democratic side of the aisle to save the 3-year program for him, a meaningless—for him and for the country—1-year extension is all that passed. So, for still another year we have marked time without concluding one single trade agreement. For a second year the President was deprived of the minimum weapons he needed to meet and counter the Communist trade offensive. But the Reds continued to move ahead. Since January 1, 1954, nations dominated by the Kremlin have made 30 new trade agreements with nations of the free world, while we, the great United States, have made none.

The faltering of the past intensifies the challenge today.

I think there is none among us who will not agree that the national economy would be enhanced by an increase in our export markets, though not all will agree upon the method to be employed. I am convinced that passage of H. R. 1 is the very minimum step we should take to rejuvenate our declining foreign commerce. H. R. 1 is the least disquieting procedure we can use to maintain the unity among free nations of the world that has been achieved at such great

cost. Failure to take this minimum step would signal a return to the protectionist policies which played a significant part in wrecking our economy and the economy of the whole world in the early 1930's. More than that, failure in this small task would seriously damage the grand alliance of free nations that stands with us as a bulwark against the spread of communism.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. GORE. I yield to my distinguished friend the Senator from Mississippi.

Mr. EASTLAND. What my distinguished friend from Tennessee says is true. But is it not a fact that the group who desire to contract the commerce of the United States and to take us back to the days which the distinguished Senator describes is the Republican Party of the United States?

Mr. GORE. I think there are certain Members affiliated with the Republican Party who do hold to that philosophy. However, in view of the vote in the House of Representatives, I cannot deny that some Members of the Democratic Party also seem to embrace that philosophy, at least in part.

Mr. EASTLAND. Mr. President, will the Senator further yield?

Mr. GORE. I yield.

Mr. EASTLAND. I agree with the distinguished Senator. Let me state that I share the same views on tariffs and foreign trade the Senator from Tennessee entertains. Perhaps I would go even further in removing trade barriers. But, after all, the center of opposition to the reciprocal trade program has been and is the Republican Party.

Mr. GORE. I think the record will speak to that effect rather loudly, if not eloquently. When this question was before the United States Senate last year, nearly all Senators on this side of the aisle voted for the 3-year extension program which the President had requested. Every Member of the Senate on the Republican side of the aisle opposed it. I do not know how Members of either party will vote on the question this year. I hope there will be some improvement in that regard.

Mr. EASTLAND. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. EASTLAND. The act contains a peril-point provision does it not?

Mr. GORE. That is correct.

Mr. EASTLAND. Does the Senator agree that it is a bad provision?

Mr. GORE. I do not know that I would agree that it is bad. Perhaps it has many inadvisable features. Perhaps there is something that may be said in its favor, too.

Mr. EASTLAND. Who placed that provision in the bill?

Mr. GORE. I do not recall the author.

Mr. EASTLAND. It was placed there by the Republicans, was it not?

Mr. GORE. I am sorry, but I do not recall the vote. I believe it was largely supported by Members of the Republican Party.

Mr. EASTLAND. In fact, the Republican Party has given only lip service to

the program, and that is one of the reasons why the program is in trouble now. Is that not correct?

Mr. GORE. I am having difficulty disagreeing with the able Senator from Mississippi. I am hoping, however, that with the leadership of the President in this field there will be some conversions effected of Members of the Republican Party. I say that because our foreign policy should be bipartisan, and our foreign trade must be the keystone of economic foreign policy. I am very hopeful that with the leadership of the President we can pass in a bipartisan fashion a forward-looking, self-interest-promoting, and free-world-interest-promoting foreign trade program.

Mr. EASTLAND. Am I to understand the Senator to state that if the President really leads and really makes a fight for this program, a good bill will be passed by Congress?

Mr. GORE. I did not say I thought that would happen; I said I hoped it would. The trouble with the President's leadership on this subject is that there is some uncertainty about where he will stand. It is possible that when we arrive at his position he may have changed it.

Mr. EASTLAND. I thank the Senator.

Mr. GORE. I say that regretfully. I do not mean to be critical in that regard. I appreciate the contribution of the able Senator from Mississippi, and I am grateful for his support of a program that is very vital to the welfare, not only of the United States, but to the grand alliance of free nations, which has been built at such great cost.

Mr. KEFAUVER. Mr. President, will my colleague yield?

Mr. GORE. I yield.

Mr. KEFAUVER. In connection with the colloquy which my colleague has had with the Senator from Mississippi, while we all hope that this program may have strong bipartisan support in the Senate, so that it may be enacted this year, I believe the RECORD ought to be clear, particularly since the necessity has been shown of the President's taking a very strong position in support of this measure at this session, that in the last session, while no support came from the Republican side of the aisle for the extension which the Senator from Tennessee sought to provide by amendment, only four votes in favor of the extension were lost on the Democratic side of the aisle. Is that not correct?

Mr. GORE. I do not remember the exact vote. I believe the Senator has stated the vote approximately.

Mr. KEFAUVER. Is it not also a fact that a substantially larger number of Democrats voted for the measure in the House of Representatives this year than did members of the Republican Party?

Mr. GORE. That is correct. The number was considerably larger.

Mr. KEFAUVER. Does not the junior Senator from Tennessee feel that, although the President supports the measure, if this great program is to be rescued, it will take more vigorous support and backing from the administration than has thus far been evidenced?

Mr. GORE. I do indeed. I may say, also, that in such matters as interna-

tional trade the role of the President is the dramatization of the national interest. When there is no effective leadership from the President, Senators and Representatives become prey to the special interests of their own constituencies. Each Senator has at least two constituencies which he must consider. The first is the constituency he is honored to represent directly. The second is the national interest, which every Senator must also keep in mind.

Conversely, the President has but one constituency, and that is all the people. Therefore, in such matters, it is the function and, I believe, the duty of the President of the United States to hold ever in the forefront, by effective leadership—not by lip service—the national interest, and thereby encourage and lead Members of Congress to take a broad position, rather than permit them to yield to the demands of interests within their constituencies who may believe or fancy or imagine that they will be damaged by such a program.

Mr. KEFAUVER. Mr. President, will my colleague further yield?

Mr. GORE. I yield.

Mr. KEFAUVER. I believe the Senator has made a very telling point in the statement he has just uttered. I have had the pleasure of reading a part of the Senator's outstanding address. I cannot escape the feeling that if the President of the United States were to take the measure to the people of the United States and present it to them in the same vein the Senator from Tennessee is presenting it to the Senate today, there would be no doubt that this great program, which is so necessary for trade and peace, would be saved. That is the kind of support the Senator is suggesting should be accorded. I hope it will be forthcoming.

Mr. GORE. I have in mind the kind of fight that Woodrow Wilson made for a liberal trade program when he denounced the tariff lobby and called the attention of the American people to the threat that such activities posed to the national interest. I am not talking about lip service. I am talking about the kind of effective political leadership which should be able to get at least one vote on the other side of the aisle from the President's own political party.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. EASTLAND. The distinguished Senator from Tennessee mentioned the tariff lobby. Does the Senator know that there will be a number of very powerful tariff lobbies at work in opposition to the bill?

Mr. GORE. I do indeed. In the course of my remarks I expect to pay particular attention to the tariff lobby.

Mr. EASTLAND. The Senator from Mississippi knows something about such lobbies. Every one of the lobbies is allied with the Republican Party. If the Republican Party really wanted to pass the proposed legislation, it could pass it without change. It is solely a question, as the distinguished Senator from Tennessee says, of whether we will serve the national interest, the interest of all

Americans, or whether we will listen to the siren song or special privilege. The Republican Party has always listened to the siren song of special privilege and high tariff. We see again those forces at work under the banner of Republicanism.

Mr. GORE. I thank the Senator from Mississippi for his contribution. I should like to call attention to the contrast between the fight which the administration made on the tax bill and the lip service which it has given to the reciprocal trade agreement program. I should like to read what former President Woodrow Wilson said about the tariff lobby of his day. That lobby was essentially the same then as it is today.

Behind the clamor against the reciprocal-trade program is one of the best organized, most insidious lobbies Washington has ever had to contend with. It is the high-tariff lobby, and it has been around a long time. It is the same lobby which descends upon Washington every time a trade question comes up for discussion. During President Woodrow Wilson's first term the activities of this lobby became so notorious that President Wilson felt compelled to issue a statement of warning to the country. Because that warning would be applicable today I want to read the Senate what President Wilson had to say:

I think the public ought to know the extraordinary exertions being made by the lobby in Washington to gain recognition for certain alterations in the tariff bill. Washington has seldom seen so numerous, so industrious, and so insidious a lobby. The newspapers are being filled with paid advertisements calculated to mislead not only the judgment of public men, but also the public opinion of the country itself. There is every evidence that money without limit is being spent to sustain this lobby, and to create an appearance of a pressure of opinion antagonistic to some of the chief items of the tariff bill.

It is of serious interest to the country that the people at large should have no lobby and be voiceless in these matters, while great bodies of astute men seek to create an artificial opinion and overcome the interests of the public for their private profit. It is thoroughly worth the while of the people of this country to take knowledge of this matter. Only public opinion can check and destroy it.

It is unfortunate that President Eisenhower has not emulated President Wilson's warning that the tariff lobby threatens the national interest, for everything President Wilson said about that lobby in his day applies to its activities today. The maximization of the national interest is the proper role of the Presidency. Only by strong, effective Presidential leadership can the tariff lobby now be overcome.

Mr. President, I have read the speech which President Eisenhower made in New York within the hour. In that speech the attention of the American people is in nowise called to the tariff lobby. There is no denunciation of the unfair and misleading tactics employed. Nowhere in the speech do I find that it is calculated to give effective leadership toward the enactment of the program by the Senate. Indeed, Mr. President, the word in the cloakroom is that the administration has agreed to the first

breach in the line by accepting the amendments which have already been adopted by the Senate Finance Committee. Not once, before either the House committee or the Senate committee, was there an explanation of the importance and meaning of a provision which would permit tariff reductions to 50 percent of the 1945 rate on items which are not imported into this country at all because of prohibitively and unrealistically high import duties. Not once before either committee was there an explanation of the importance of the provision which would permit such reductions of tariffs on some 617 items which are not imported into this country in more than negligible quantities because of prohibitive tariffs.

Mr. President, is that a fight by the administration for the program presented by the President? Was the speech in New York a fight for that program? I did not so interpret it. It is a fine general statement of policy, but what of the trade agreements?

Mr. President, I should like to read an editorial which appeared in the New York Times on April 22, entitled "Trade Bill in Danger":

The first serious inroads on the administration's reciprocal trade extension bill (H. R. 1) have now been made by the Senate Finance Committee, and there may be more to come before the measure is reported to the floor. What will happen when the Senate as a whole starts to debate this bill is anybody's guess.

All of this means that President Eisenhower must exercise every ounce of his vast influence if the bill is to be approved in satisfactory form. Thus far, pressure from the White House has been reported so light as to be unnoticeable.

Mr. President, last fall I went to Geneva as a United States delegate to an international conference on the General Agreement on Tariffs and Trade. While there I had an opportunity to talk to officials of dozens of countries. From these talks I got the impression that the whole free world was waiting to see what direction our international trade policy would take. I am convinced that a return to protectionism by the United States would cause a stampede among other nations to raise their own tariffs and erect any other protectionist barriers they could devise. For that reason alone, though there are many others, it is imperative that the President be given the new authority he asks under H. R. 1, without crippling amendments.

Although the Senate Finance Committee has already adopted crippling amendments, with effective executive leadership further crippling amendments may be defeated and the disturbing features of the amendments already adopted may be mitigated and modified. Some say these amendments are not seriously damaging to the program and that their adoption was necessary in order to save the bill. Others say this is but the first breach in the line. I hope the first interpretation will prove to be correct, but I am apprehensive that the latter will be more than justified.

At this point, Mr. President, I should like to invite attention to the fact that

the press generally interpreted those amendments to affect principally if not entirely the textile industry. Their effect is more far reaching than that, Mr. President. I consider the more serious aspect of the amendments the one which has been referred to but little in the press, namely, that which denies to the President the power to negotiate reductions to the level provided by existing law in the tariffs on goods which are not imported into this country at all, of which there are 484 items, and commodities which are imported into this country only in negligible quantities, which are 617 in number.

It is in this field, Mr. President, that there might be great opportunity to effectuate two-way trade without the infliction of injury upon industry in the United States. Yes, in this field there is vast opportunity to effectuate two-way trade which would build markets in this country, not only for imports, but for the development of industry within the United States, to meet new market demands.

It is particularly disturbing that this first yielding to a special interest comprises concessions to an industry which enjoys not only more than 99 percent of the American market, but also a thriving export trade, since it sold more than 6 percent of its production abroad in 1954. I am, of course, referring to the textile industry.

I shall treat with this phase of the question in more detail later; but at this point let me express my deep concern about maintaining our export markets. My concern is both national and local in character.

An estimated 200,000 Americans have jobs manufacturing and processing this thriving textile export business, to say nothing of the number of farmers helped by this big outlet for their cotton. In the State of Tennessee alone, if I may be permitted to make direct reference to my own constituency, the jobs of an estimated 5,000 textile workers depended upon this export trade in 1952.

How are we to continue to sell abroad, Mr. President, unless we are willing to buy from abroad? The tariff lobby provides no answer to this crucial question.

To be specific, Mr. President, I wonder what segment of our people is expected to bear the burden of maintaining this big exportation of textile products. The textile lobby has shown its unwillingness to accept any imports whatsoever. So whom, I ask, does the textile lobby expect to bear this burden? What other industry does it expect to accept the requisite amount of import competition to balance our \$622 million of textile exports? To this question the textile lobby is as silent as it is loud about some very minor textile imports.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. Is it not true that ever since 1860, the textile industry, has demanded that the United States should maintain a high tariff on textiles, and that the original claim was, "If you will only give us protection for a few years

and allow the infant industry to develop, it will become so strong that it will be able to stand on its own feet and will not need a tariff"?

Was not the great Henry Clay, who came from the Senator's adjoining State of Kentucky, the man who first advanced that argument?

Mr. GORE. To the last question, the answer is "Yes." To the first question, the answer is that the statement is true of the textile industry, in the history of protectionism for that industry. But it is also true and typical of many other industries as well.

Mr. DOUGLAS. It is true of the iron and steel industry, is it not?

Mr. GORE. Indeed, it is.

Mr. DOUGLAS. Does not the Senator from Tennessee think that in 139 years the baby ought to have been able to grow up and stand on its own feet?

Mr. GORE. Not only ought it to have become able to do so, but I shall show in the course of my remarks that it is able to stand on its own feet, and that it is able, successfully, to meet competition not only in the United States, but also abroad.

Why is it that the American textile industry can export \$622 million of products in the markets of the world? It is not because the foreign customers like the way we part our hair. It is not because they want to spend their scarce dollars. It is because they like the American product, made with the efficiency and ingenuity of American industry, by American workers, and because the great American textile industry can furnish such products competitively in both price and quality.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. DOUGLAS. Do I correctly understand the Senator from Tennessee to be saying, in effect, that the infant has long since grown up, but has refused to be weaned?

Mr. GORE. Since so many of my constituents are involved in this industry, and since they feel so strongly that their interests would be endangered by the passage of H. R. 1, I rather hesitate to speak in terms of weaning. I must say, however, in all candor, that the distinguished senior Senator from Illinois, characteristically, has a picturesque and eloquent manner of putting the question.

I recur to the question, What segment of our industry do we expect to bear the burden of maintaining the thriving export trade for the textile industry? Is it the farmers? Is it the chemical industry? Is it the automotive industry? What segment of our industry is it? Again, there is silence.

Can it be that the taxpayers of the United States are to be saddled with this requirement or burden? We cannot continue to export except in 1 of 2 ways: Either by accepting more two-way trade or by continuing to dole out American dollars abroad in subsidy to foreign nations, in order that they may have the money with which to buy American products.

Does the tariff lobby expect our Government to continue to dole out United States money to foreign countries in order that the foreign customers may have the dollars with which to buy? That, Mr. President, would be aid, not trade. I thought our policy for many months past had been to develop trade, not aid.

We must choose between some method of balancing these exports between trade or aid, on the one hand, or suffer a loss of the markets abroad with consequent loss of jobs, on the other hand. Some may seek to avoid coming to grips with reality by advocating the expansion of our export trade, but opposing the development of import trade. That, however, is but an attempt to escape reality, and is to be compared with the philosophy of the classic demagog who votes for all appropriation bills but against all tax bills.

I realize that it is sometimes difficult for Congress to resolve what appear to be conflicts of interest between local and national welfare. When the people of our respective States think they will be injured by a program, it is difficult to support that program even though the national interest may require it. But the conflict may be more apparent than real. In fact, it may not be real at all. In the long run the sectional interest will, I believe, coincide with the national interest.

As I have said, all the clamor against this program is raised by one of the best organized and most effective lobbies I have ever seen. The lobby is conducting a vicious campaign and thereby producing unwarranted fear among the people of the country, in order to pressure and mislead the judgment of the Congress. It seeks to convince businessmen—and it is succeeding in convincing many businessmen—that if H. R. 1 should pass, they are likely to be bankrupt by competition from imports. It seeks to frighten laboring men and women, and it is succeeding in frightening hundreds of thousands of such workers with the spectre of unemployment caused by the failure of businesses which, it is contended, are unable to meet import competition. The goal of the lobby is to cause the people of each State to become so frightened that they will write to their Senators and urge them to vote against H. R. 1.

My own mail in opposition to H. R. 1 has been heavy. I am confident that the sentiment in Tennessee strongly favors the reciprocal trade program, which was fathered by the great Cordell Hull; and yet, because of the activities of the lobby which has been successful in implanting fear where there is no cause for fear, my mail against this program has been heavy. Most of the letters I have received from constituents are no doubt a genuine reflection of their fear. I do not criticize them for writing; I welcome their letters. But their letters show the results of an unconscionable campaign of misrepresentation that has resulted in generating fear. I resent this kind of campaign of misrepresentation, which has aroused fear unnecessarily, and caused doubt where there is no room for doubt.

In one of the slickest propaganda campaigns I have ever seen a group of willful, selfish men has spread the word that passage of H. R. 1 will bring on widespread business failure and unemployment. To many they have a plausible sounding story about competition from low-wage workers from abroad. For the most part, neither worker nor small-business man can do the research necessary to uncover the misrepresentation in this lobbying campaign. So many have been misled, and they are gripped with fear.

But United States Senators do have facilities to do research. We can determine which of the tariff lobby's claims are true, which are only half true, and which are completely false. We can discover what the whole picture is on any given industry. We do not have to take as gospel only that colored and slanted information which the tariff lobby offers.

Yes, Mr. President, many of the letters we have received reflect genuine fears of our constituents. But those fears are founded for the most part on half-truths and untruths planted by the high-tariff lobby which would betray the national interest for its own selfish ends.

I should like to speak about my own section of the country. Until this year the people of the South have not been as vulnerable to the tariff lobby's propaganda as have residents of other areas. The economy of the South until a few years ago was predominantly agricultural, and we in the South had a great net stake in the export of agricultural commodities. We still have such a stake, as does the whole country, but this year many people and several of our Congressmen have fallen victim to the tariff lobby.

The textile industry, which now employs a great many people in the South, has been one of the chosen instruments of the tariff lobby. It is, of course, a national industry and an important one. It is particularly important in New England and the South. I decided to find out just what the lobby was doing to influence that industry, and to determine what the textile import-export situation is.

I have before me a copy of the tariff lobby's plan for its propaganda campaign to be directed at the textile industry, at its workers, at its management, at businessmen, and at local civic leaders who are directly interested in and dependent upon the prosperity of that industry. After reading that plan I am not at all surprised that my mail from textile workers opposing H. R. 1 is heavy.

Mr. President, this tariff lobby textile campaign plan is a Madison Avenue type of production. It does not miss a single bet. The main theme is that if H. R. 1 passes, the country will be flooded by textiles made by cheap foreign labor, and that as a result our textile mills will fail and our textile workers will be thrown out of jobs. The plan is to persuade each mill manager to write a letter to his employees conveying this idea to them. The lobby even encloses a pattern text of the letter which it suggests be rephrased in the mill manager's own

words. It is further suggested that the mill manager send the letter, along with a personal covering note, to leading citizens of his community.

Furthermore, the plan seeks also to persuade mill managers and mill personnel to write letters to the newspapers and try to secure newspaper stories and editorials. Very conveniently, it offers materials from which those letters, editorials, and news stories are to be made up.

I read now from verbatim directions found in the lobby's December 8 campaign bulletin:

Make special effort during December to furnish your local newspaper with your own statement of the facts of the tariff issue.

Mr. President, I digress from the quotation to say that the lobby conveniently furnishes what it alleges to be facts, but which are in reality not facts. I resume reading from the campaign bulletin:

Material for such statements can be easily adapted from any one or more of the enclosed TIS (Textile Information Service) news stories recently published. This is especially important while your Congressmen are at home.

The lobby even prepared posters for posting on bulletin boards all over the country and has put on a campaign to secure public service radio and television time to exploit its propaganda.

Here, simply stated in the December 8 bulletin, is the purpose of the campaign:

The objective of this entire campaign will be to work toward a climax reached in a flood of letters and other communications to Members of Congress as the showdown vote on the tariff issue approaches.

To achieve this objective, the lobby is missing no bets. According to its own plan, it has sent out portfolios of speech materials to be used before Rotary clubs, Lion clubs, and so forth. It has prepared special resolutions, which it sends out to the country in the hope of persuading American Legion clubs and Veterans of Foreign Wars clubs to pass them. It has distributed made-up advertising materials for use in newspapers. It has sent out the names of all Senators and Representatives, along with their hometown addresses. The lobby's order of battle even notes special plans for exploitation of letters to some of the most distinguished Members of the Senate, and "similar letters from executives in areas where there is important representation in Congress."

All this is coordinated through a special clearing house set up here in Washington, where all types of plans, reports, actions, and reactions on the campaign are set up in a special file with a general direction. As President Wilson warned, years ago, an untold quantity of money is being spent in order to mislead the people and to affect erroneously the judgment of the United States Congress. In the words of the lobby's bulletin, this clearinghouse is "set up to provide a quick idea of geographic coverage; to show specifically which Members of Congress are being approached and which ones are reacting; which areas may need greater attention or specially planned action."

Since, in the view of the lobby, I have not been reacting properly, I seem to have been made a subject of their specially planned action. Others, too, have been favored with specially planned action, especially those who represent, such as I do, constituencies in which many people are employed in the textile industry. To textile employees, to small textile-mill owners, to people who are civic leaders in communities having textile industries, as well as to the general public, the lobby has painted the outlook for the textile industry in somber tones indeed.

Some people, as I have said, have been both misled and frightened by the scare-them-to-death tactics of the lobby. I wish to read a portion of a letter I received a few days ago from a good personal and political friend who is now President of the chamber of commerce of one of Tennessee's principal communities:

When you support legislation to lower the prices of foreign-made garments produced with unconscionably low-paid labor, an even greater injury than you may realize may be inflicted upon both working people and business here.

As to the patriotic aspects of free trade in the interest of world peace, we applaud your zeal in supporting these principles, but we feel certain you cannot afford to shut your eyes to the injury that must result to business in this country from the importing of foreign-made goods which sell at such low prices on the retail counter, unbelievably lower than the cost to produce the same clothing in this country.

About a thousand garment workers will be out of work in this county alone and many more thousands here will be adversely affected, if the garment industries of our county are compelled to go out of business because of foreign competition.

And I submit for the record, my reply to this letter which, as I say was addressed to me by a friend:

I have read very carefully your letter of April 12.

First of all, I should like to say that I am aware of the problems faced by the textile industry. I am aware, too, of the fears that have been expressed by representatives of that industry that enactment of a more liberal trade program would imperil the industry and the jobs of people who work in it. It is my considered opinion that these fears are exaggerated. It is true that any action which would permit increased imports would, to some extent, create more intense domestic competition for the industries engaged in producing the particular products affected.

But there is another side of the picture. As you may know, our textile industry exports a large percentage of its production. I have looked into the import-export situation with reference to the various classifications of textile products. I find that in almost all instances the volume of imports constitutes only a small fraction of the volume of exports. So, the textile industry has a large stake in export trade.

I believe sincerely that it will not be possible for us to maintain the existing level of exports, much less increase them, unless we adopt a program which will facilitate the flow of international trade. We cannot expect our foreign purchasers to continue to buy from us in increasing quantity unless we permit them to sell to us. Accordingly, I believe adoption of a liberalized trade program will result in more rather than fewer jobs for American people.

The program envisioned in H. R. 1 is moderate. The existing safeguards for American industry (particularly the so-called peril-point and escape-clause provisions of existing law) are retained intact by the bill. Furthermore, the President has stated that, in administering the program, he will keep fully in mind the problems of particular domestic industries.

I believe this is a question upon which the American people must take the lead. If we falter now, our friends abroad will begin immediately to raise their own tariffs and to erect other barriers to international trade which will make it exceedingly difficult for us to sell.

For these reasons, I believe it is manifestly in the national interest to enact a more liberalized trade program. I intend to support it with all the vigor I possess. I do so with full knowledge of the fears that have been expressed by some but with a sincere conviction that enactment of the program will provide greater security and greater prosperity for all of us.

Mr. President, I respect this friend. He went on to add some personal political advice as a friend. I appreciate that, too; and I have no doubt that his letter represents the real apprehensions of business leaders, as well as of many employees, of that community. But, Mr. President, that apprehension is erroneously based.

I looked up the facts. Far more jobs of employees in that community depend upon exports of this commodity than upon the very meager imports which might perchance compete. Again I express my concern for the jobs of the 200,000 American citizens who are employed in the export trade in textiles.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield to me?

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Does the Senator from Tennessee yield to the Senator from Illinois?

Mr. GORE. I yield.

Mr. DOUGLAS. Is it not true that the jobs of those who are employed in manufacturing textiles are not the only ones which would be adversely affected? Is not the prosperity of a large section of the South dependent upon the exports of cotton; and if we refuse to admit imports, will not the foreign markets for our raw cotton be largely shut off?

Mr. GORE. There can be but one answer: The foreign markets would then be shut off, not only for our exports of cotton, but for all our other exports.

Mr. DOUGLAS. Including tobacco, does not the Senator from Tennessee agree?

Mr. GORE. Indeed so—and also automobiles and many other commodities which are produced in this country. Like water, the international flow of goods seeks its level, seeks a balance. There must be a balance. How are we to achieve it? The textile lobby seems unwilling to have any imports come into the United States. Yet the industry is exporting \$622 million worth of goods a year.

Mr. President, I ask: By what process are we to maintain not only the export trade in textiles, but also the export trade in farm commodities and in manufactured commodities? How are we to

maintain the jobs of 4 million Americans whose employment is dependent upon the export trade of our Nation? I know that everyone is strongly in favor of exports, but who is willing to accept any imports? Let us find them. Oh, yes; the friends of mine from the South who for the first time have cast protectionist votes are strongly in favor of export trade. They want to open up foreign markets. That seems to be the solution for all our ills. But how meek are they when they are asked to accept a few imports.

Mr. President, let me point out to the senior Senator from Illinois that I have before me a list of 487 commodities which are not imported at all into the United States, because of virtual prohibition, or, at least, effective prohibition, created by tariff rates. I also have before me a list of 617 commodities which are imported into the United States in only negligible quantities. Why is that so? It is because of unrealistic, prohibitive tariff rates. Yet there is an amendment, already approved by the Senate Finance Committee, which denies the President the authority to reduce the tariff rates on those commodities through negotiated agreements.

Mr. President, who are those who are strongly in favor of developing foreign markets? By what process do they propose to develop foreign markets? Do they propose to develop foreign markets by having the United States dole out the money of American taxpayers? Is that the only answer? It is the only answer in the absence of acceptance of two-way trade.

Mr. DOUGLAS. Unless we are willing to take more imports, is it not true that it will be more and more difficult for the countries of Europe and for Japan to take cotton and tobacco in return?

Mr. GORE. Not only will it be more difficult, but it will become impossible unless we lend or give them the money with which to buy those commodities.

Mr. DOUGLAS. What will that do to the cotton-producing areas of western Tennessee, Mississippi, Alabama, Oklahoma, Arkansas, Texas, South Carolina, North Carolina, and Georgia?

Mr. GORE. It would be ruinous to them, just as it would be ruinous to the 4 million Americans whose jobs depend upon America's export trade. In my opinion it would be ruinous also to the grand alliance of free nations which has been built up at such great cost.

Mr. DOUGLAS. What effect would a restrictive trade policy have on the export of tobacco from Kentucky, Tennessee, Virginia, and North Carolina?

Mr. GORE. Soon the producers of burley tobacco are to vote, in a referendum, upon the acceptance of a further reduction in acreage allotments. Our tobacco farmers are about to vote upon a program which would reduce hundreds of thousands of tobacco farmers to an acreage of one-half of an acre.

In Geneva last year, in an effort to help build up a foreign market for tobacco which is so important to the hill farmers of Tennessee, I undertook to talk with some leaders of the tobacco industry in Europe. They want to buy more, but

they have not the money with which to do it. How do we make the money available to them? Either through gift or through trade. There is no other way. Yet, because of unrealistically high tariffs, more than a thousand commodities are imported to no extent at all or in very negligible quantities. The distinguished Finance Committee would deny the President the power to make any reduction in the tariff rates on those items. Yes; we want to build up foreign trade, but apparently not many are willing to do it in any manner except by saddling the burden upon the taxpayers of the country.

Mr. KEFAUVER. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. KEFAUVER. I have talked with quite a number of representatives of various lobbies. Of course, there are lobbies in many industries, and there is also the overall lobby.

The other day a certain lobbyist came to see me. I should like to ask the junior Senator from Tennessee a question relative to his approach. He said that while the foreign-trade program was all right for the tobacco growers, and was a fine thing for the automobile industry in Michigan, he did not think much of it for the textile industry. He refused to relate the importance of the automobile industry and the tobacco growers' business, the farm machinery industry, and many other things, to the textile industry. He did not say what those industries mean to the textile industry. I tried to argue with him. I did not have the statistics. I hope the junior Senator from Tennessee will have some. In the first place, a great many textiles go into automobiles. In the second place, if we could not export some automobiles, I wonder what would happen to the textile products purchased by the constituents of the Senator from Michigan [Mr. McNAMARA] and by the constituents of the junior Senator from Tennessee and myself who grow tobacco. So I think the lobby, in its great effort to prove its point, has been completely overlooking the fact that we must give the people of this Nation employment if they are to be able to buy the textiles manufactured in our mills all over the country.

Mr. GORE. I thank the Senator. I wish to compliment him upon the answer he gave to his caller. He could have gone one step further and said that the textile industry itself has a great stake in foreign trade, because last year, when, the lobby says, the United States was literally "flooded" with textile imports, this country exported eight times as much textiles as it imported.

That is why I say I am concerned with the method by which we maintain our export trade. I hope we can find some means of expanding it. I am not willing merely to accept a condition of status quo with respect to American foreign trade. As President Eisenhower said in New York today—and I do not undertake to quote him exactly—the expansion of a healthy, two-way trade means prosperity for this country.

Let me quote from the President's speech:

Two-way trade, I believe, is a broad avenue by which all men and nations of good will can travel toward a golden era of peace and plenty. Your administration is committed to building it. I personally believe it is for the greater good of all 164 million of our people, and I shall not relax my personal effort toward its achievement.

Mr. President, fine as are these words, we need, and the country needs, a kind of leadership which will persuade at least one member of the President's party in the United States Senate to vote for the program. I applaud the President's words, but I remind him of the leadership which Woodrow Wilson provided for this program, and I contrast the lipservice to this program with the all-out fight of the President against a tax bill which would have given some relief to the hard-pressed many in this country.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. I notice that the President today used the words which the Senator from Tennessee has quoted. Referring to the enactment of this program, he said that, "I shall not relax my personal effort toward its achievement." Does the Senator think that is good enough to secure the passage of the bill? Is it enough not to relax? The efforts have been approaching close to zero. Is it enough to continue with this low rate of encouragement? Will it not have to be increased very materially.

Mr. GORE. I am wondering if the President relaxed when he agreed to the amendment which would deny him the power he had requested, to reduce to 50 percent of the 1945 rate the tariffs on more than 1,000 items the importation of which is now virtually prohibited. If that is the kind of relaxation we are to have, then I say that the President's leadership is difficult to follow, because we are not sure that he will not turn aside, when we arrive at a crucial point, as he did last year, when, immediately preceding the vote, there was read to the United States Senate a letter from the President backing down on his request for this program.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. I wonder whether the Senator from Tennessee remembers the line of Gilbert and Sullivan in their *The Gondoliers*, in which the Duke of Plaza-Toro sings:

He led his regiment from behind—
He found it less exciting.

Would the Senator from Tennessee say that that is the attitude of the administration so far as the tariff fight is concerned?

Mr. GORE. I believe in the Army it is called a retrograde movement.

Mr. DOUGLAS. While the Senator from Tennessee is fighting on the floor of the Senate for the President's program, what are the members of the President's own party doing?

Mr. GORE. They are voting against it in committee.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. BARKLEY. The Senator from Tennessee has referred to the 4 million people who are affected by our export business. That is the approximate number of employees so affected. As a member of the Committee on Finance and also as a Member of the Senate—as well as from my long experience in the Senate—one of the troubles I find is the fact that no one dramatizes the 4 million people who are affected by our export business, but everyone dramatizes the 100, 150, or 300 people who are involved in our imports.

How can we dramatize, for the benefit of the American people, the effect on the 4 million workers to whom the Senator has referred, instead of merely dramatizing the effect on the few who may be involved in some particular industry or some particular plant? Where does that duty to do that lie? Does it lie here or with the Executive Department, including the President of the United States?

Mr. GORE. I do not believe it lies exclusively with the Executive Department. As I said earlier, Members of the Senate have their direct constituency and also the national welfare to consider. Conversely, the President has but one constituency, the national interest. I believe it is the proper role of the Presidency not only to dramatize but to maximize the national interest.

I would not, however, excuse Members of the Senate from undertaking to dramatize—to use the word the able junior Senator from Kentucky has used—the effect on the welfare of the 4 million people whose livelihood depends upon the export trade, merely because the President has not done so.

The junior Senator from Tennessee is undertaking this afternoon on the floor of the Senate to dramatize the welfare of one segment of our industry, the textile industry, in which the jobs of approximately 200,000 persons depend upon export trade. I am trying to bring that point home by pointing out that approximately 5,000 persons in the State of Tennessee have jobs dependent upon textile exports.

Mr. BARKLEY. Mr. President, will the Senator yield further?

Mr. GORE. I yield.

Mr. BARKLEY. The Senator has referred to an amendment regarding textiles, which has been agreed to by the Committee on Finance.

Mr. GORE. And many other commodities.

Mr. BARKLEY. That amendment calms the fears of those engaged in that industry about what may happen to it in the future because of imports from Japan, although at this moment only one-half of one percent of our domestic consumption of textiles is imported. The committee, with the assent of the State Department, which represents the administration, has agreed to an amendment which calms all their fears, so that they are no longer worried. However, there are a great many other commodities with regard to which the State

Department and the administration have not agreed so far as an amendment of that character is concerned.

Would the Senator from Tennessee be able to discuss the relative importance of the textile industry, which has been calmed by the amendment already agreed to, with the sanction of the State Department and presumably the President of the United States himself, with other industries, which have equal fears, not only for the future but for the present?

Is the Senator from Tennessee able to discuss the comparative importance of those industries? I refer particularly to employment and the relative importance to our national defense and our security of the commodities produced by such industries.

Mr. GORE. There is some questions about how ably the junior Senator from Tennessee may be able to discuss that subject, but he will try to do so.

Mr. BARKLEY. I shall be very glad to hear the Senator discuss that point.

Mr. GORE. Before doing so, I wish to call attention to the fact that the junior Senator from Kentucky has confirmed the cloakroom rumor to the effect that the administration has agreed to one amendment. I would not wish to catechize the Senator about proceedings within an executive session of his committee, but it is rumored in the cloakroom that the administration has agreed to this damaging amendment, which not only affects textiles but more than a thousand other commodities, and which denies the President the authority to make a 50-percent reduction in the tariff rates on items on which the tariff is now prohibitive.

Mr. BARKLEY. All that was accomplished. There is no need to limit it to cloakroom rumors, because the press has published the fact that the committee has agreed to an amendment, which it did on the recommendation of the State Department, changing the date from July 1 to January 1, 1955, because negotiations are now in progress between this country and Japan, which may be consummated before the 1st of July 1955. The amendment provides that, notwithstanding any agreement by way of a trade proposal between the United States and Japan which might be consummated between now and July 1, the tariff rates in effect on January 1, 1955, shall be the basis upon which any reduction of rates will be accomplished.

That amendment adopted by the committee calms particularly the fears of the textile industry. Therefore, no matter what may happen between now and July 1 the tariff rates in effect on January 1, 1955, must be the basis of any reductions. That amendment was agreed to by the State Department and by the administration.

Mr. GORE. Again I call attention to the contrast between the President's speech in New York and the action of the Eisenhower administration in agreeing to this first serious breach in the line, which favors a few special interests.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GORE. I yield, but I shall wish to come back later and answer the interrogation of the able junior Senator from Kentucky.

Mr. DOUGLAS. If the administration makes this concession on textiles, how can it logically refuse or prevent similar concessions to the oil industry, or to zinc, to lead, to fluorspar, and to a whole variety of other products?

Mr. GORE. The answer to that question involves a part of my answer to the able junior Senator from Kentucky. I do not know. Such amendments are essentially commodity amendments. If it is fair to calm the fears, so to speak, of one industry, why is it not equally fair to calm the fears of the coal industry, of the chemical industry, of marbles, and of clothespins, and all other segments of our economy?

I may say in all candor that I would not seriously quarrel with the junior Senator from Kentucky about that feature of the amendment which eliminates the possibility of placing one industry in double jeopardy, but I do quarrel with the part of the amendment which denies the President the authority, which he has requested, to negotiate tariff reductions to a rate 50 percent of that obtaining in 1945 on more than a thousand other commodities. I shall seek to eliminate it from the bill when it reaches the floor of the Senate.

Mr. BARKLEY. Mr. President, will the Senator from Tennessee yield further?

Mr. GORE. I yield.

Mr. BARKLEY. I have not seen the President's speech or heard what was said, but in view of the Senator's remarks, I am wondering whether the speech delivered today in New York perpetuates the idea and the conviction that in this administration the right hand does not know what the left hand is doing and is seeking perpetually to conceal what the left hand is doing. I am speaking in a blind alley, because I have not read the President's speech and I do not know what he talked about.

Mr. GORE. I have read the speech. I think the result can be accurately described as the Senator has described it. To put it in my own language, it is a repetition of the President's habit of never coming to grips with the practicalities of the issues before the country.

Mr. BARKLEY. We all know that many noble sentiments have been expressed in speeches and messages, but those who have been brought here by the administration seek immediately to nullify them, and I am wondering whether this latest emanation from the White House is in consonance with the almost universal practice of the top level that noble sentiments are uttered in messages and in speeches, but, forthwith, those who were brought here by the President seek to nullify every noble sentiment he expresses.

Mr. GORE. Insofar as I see it, it follows the pattern of the President preaching one thing and his administration practicing something else.

Mr. BARKLEY. In my long experience here I cannot remember any time when at any top level the right hand has never known what the left hand was doing. There is only one comparison I can make, and that is the occasion when the hand of Esau got tangled up with the voice of Jacob.

Mr. GORE. I thank the Senator from Kentucky for his contribution. I find myself in agreement with him.

Further to answer the Senator, and trying to put the textile industry into proper focus, it has been estimated that the jobs of 200,000 persons are dependent upon the export of textile products. It is estimated that some 4 million Americans are employed in the export trade generally. So it is apparent that the textile industry accounts for approximately one-twentieth of the entire employment in the export trade of the United States. But while the industry is confronted with meager import competition, amounting to less than one-half of 1 percent of the domestic production, the tariff lobby succeeds, I regret to say, in arousing fears and apprehensions in the hearts of hundreds of thousands of our people.

I say, Mr. President, that we must seek not only to maintain, but to expand, our export trade. This is important not only to the one-twentieth of our export workers in the textile industry, but also to the prosperity of all America.

Mr. President, it is because I have examined the facts in some considerable detail that I have not been frightened by the propaganda of the tariff lobby which, as I say, has used the textile industry as its chosen instrument.

I take this occasion to lay before the Senate and the American people some of the facts as I have found them after careful study.

I refer to the textile industry in particular, first, because of my concern in maintaining our export trade in textiles; second, because it has been the chosen instrument of the tariff lobby, and through that instrument the lobby has been most successful in arousing, without foundation, the fears and apprehensions of the people; and, third, because it represents the first yielding by both the administration and the distinguished and able Senate Finance Committee to special interests.

I fear that this example may be followed by further concessions to this group and that group, as was indicated by the senior Senator from Illinois [Mr. DOUGLAS]. This group, that group, and all the groups make up America.

I do not believe the President of the United States would so use the power he requests as seriously to harm any major segment of our society. I think he would use it advisedly.

I wish we would face some of the real facts which refute the propaganda of the tariff lobby.

Let us first face up to one obvious fact, and that is that in recent months the cotton textile industry has gone through a period of adjustment. Production of cotton cloth reached a peak of 10,184,000,000 square yards in 1953 after a

moderate dip in 1952. There was a moderate decline in production in 1954. Total production over the past few years has been fairly static. There is no denying that there is increased competition in the cotton-textile industry and that this increased competition has imposed adjustment problems on many mills, particularly on the less efficient and marginal producers.

But if we are to understand the problem adequately and evaluate the implications of H. R. 1 for the cotton textile industry, the question that must be answered is: have imports of competitive cotton textile products caused the difficulties the domestic industry has encountered in recent years? We must also ask ourselves, what is the real stake of the cotton textile industry in foreign trade? Does it have more to gain from exports than it has to fear from imports? What about H. R. 1? Will enactment of H. R. 1 really imperil the cotton textile industry?

If we examine these questions and look for the answers calmly, factually, and dispassionately, I believe we will arrive at the conclusion that the industry's difficulties are not due to imports; that it has an overwhelming stake in exports as opposed to the danger of imports; and that passage of H. R. 1, with the contribution it can make to the liberalization and expansion of world trade, can bring important net returns to the cotton textile industry.

The industry's difficulties have been primarily domestic in origin. Regional shifts in the production of cotton textiles have brought with them adjustment problems for the areas from which industry has moved.

Increased competition—domestic, that is—has created adjustment problems for the less efficient producers in all the producing regions. Curtailment in military procurement of textiles has necessitated adjustment to production for civilian requirements. Then, technological changes in the industry have created both increased economies of production and a curtailment of employment. The development of new fibers and their admixture into new types of cloth have created still more problems. Aside from the technical problem that this involves, there are also marketing problems. Perhaps the most important development has been the change in demand for textiles, and the acute competition among the different fibers resulting from the development of synthetic fibers.

From 1950 to 1953 there was a 17 percent decline in the per capita consumption of textiles by the people of the United States. In the case of cotton, this decline was 14 percent. In the case of wool it was 42 percent. A 42 percent decline in the per capita consumption of woolen textiles is, of course, a very formidable and difficult problem. Much of the decline in wool demand is due to a shift in preference on the part of the American consumer to lighter weight fabrics. As a result, from 1947 to 1953, there was a decline in consumption of men's wool suits of 7,000,000 units in the United States. This was not caused by imports. Imports of woolen and worsted cloth have never been more than 6 per-

cent of domestic production, and in 1953 were only 4.5 percent of production.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LONG. The Senator from Tennessee is presenting some interesting figures. I am delighted to have the information.

As I understand, the fibers to which the Senator is referring are fibers such as nylon, orlon, and others—new fibers which have been developed and which have displaced some of the market for cotton and wool.

Mr. GORE. Yes; and also rayon and dacron. Numerous synthetic fibers are now vigorously competing with cotton and wool. I shall cite in a few moments the exact magnitude of the choice of the American people for the various fibers.

Let us look closely at the changing pattern of mill consumption in the United States of the different fibers—cotton, wool, rayon, acetate, and other synthetic fibers. A Department of Agriculture publication entitled "The Cotton Situation," No. CS 157, dated March 1955, has a table on page 20 showing the historical changes in total and per capita mill consumption in the United States in different fibers. Per capita consumption of cotton in 1946 was about 34 pounds. In 1954 it was down to 25 pounds. Despite an increase in population, total mill consumption declined from 4.8 billion pounds in 1946, to 4.1 billion pounds in 1954.

I call the attention of the Senator from Louisiana to the fact that this decline has occurred within the United States as a result of the preferences of the American consumers, without any relationship whatsoever to imports. Yet the tariff lobby will cite the reduction in employment in the cotton-textile industry as evidence that the United States has been flooded with foreign imports.

It is insinuated that such reduction in employment is the result of foreign imports. That is not so. The textile lobby has deliberately sought to mislead the American people.

Cotton lost in its relative position with respect to the consumption of all fibers. In 1946, consumption of cotton amounted to 74 percent of the consumption of all fibers, but had dropped to 68.5 percent in 1954.

The change in wool was even greater. Per capita consumption declined from 5.2 pounds in 1946 to 2.4 pounds in 1954 and wool's percentage share in the total market fell from 11.3 percent in 1946 to 6.4 percent in 1954, more than 50 percent drop in 8 years.

I now come to a discussion of the question asked by the distinguished and able junior Senator from Louisiana [Mr. LONG].

Correspondingly, the use of synthetic fibers has increased. I neither applaud nor deplore this. I am simply laying before the Senate the facts relating to the textile industry which have been used by the tariff lobby to plant fear in the hearts of millions of our people, and in an effort to misguide, mislead, distort, and thwart the judgment of Congress.

Mr. LONG. Mr. President, will the Senator further yield?

Mr. GORE. I yield.

Mr. LONG. Can the Senator state the percentage of the cotton textile production represented by imports at this time, and the percentage of American production which is exported? Does the Senator have such figures available?

Mr. GORE. Yes; I shall come to them very quickly. Six percent of our production is exported; less than one-half of 1 percent of our production is imported.

Last year, as I have said earlier, the textile industry exported eight times the amount that was imported. But that is not all of the picture with respect to that particular fact, because the imports were largely of specialty items which, in the main, are not competitive in the American market.

Later I shall cite examples of the imports and show that the bulk of the American textile production is not only able to compete successfully in the United States but is also able to compete successfully in the world markets, where our products face the same import restrictions as do the products of other countries.

Rayon and acetate fibers showed a per capita consumption in 1946 of 6.3 pounds and in 1954 of 7.1 pounds. Its percentage share of total consumption rose from 13.5 percent in 1946 to 19.2 percent in 1954. Most dramatic of all were the changes in such synthetic fibers as nylon, orlon, and dacron, and so forth. In 1946 per capita consumption was 0.4 pounds; in 1954 it was 2.1 pounds. It increased by a multiple of 5 or more in that 8-year period.

Total consumption increased from 54.2 million pounds in 1946 to 342.1 million pounds in 1954. Its percentage share of the total market rose from 0.8 percent in 1946 to 5.7 percent in 1954.

This was not because of imports; it was because of the technological development within the United States—improvements and developments in the production of fibers—and to the preferences shown by a substantial number of American citizens.

Mr. LONG. Mr. President, will the Senator further yield?

Mr. GORE. I yield.

Mr. LONG. According to the Senator's argument, the textile industry is picking on the wrong culprit. It is not the importers who are responsible for any decline in the textile industry in this country; it is the producers of other lighter materials, of the sorts which the Senator has been discussing.

Mr. GORE. The conclusion of the able Senator is inescapable when the facts are read and considered. However, I wish to point out that the cotton textile industry has a great stake in international trade. As I pointed out, the cotton textile industry last year exported eight times as much as was imported. As I have cited several times this afternoon, that situation involves jobs in that industry. I shall cite that fact again, because I am undertaking to dramatize the interests of American workers and American industry in export trade. I point this fact out to the Senator again

to illustrate that the cotton textile industry, instead of being harmed by international trade, has a great net stake in that trade, and it should be interested in expanding rather than contracting it. Where is the representative of a textile industry, or a Member of the House or a Senator representing respectively, a district, or a State, as I do, in part, in which there is substantial employment in the textile industry, who would advocate destroying our foreign markets, which would result in reduced employment in that industry?

Mr. LONG. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). Does the Senator from Tennessee yield?

Mr. GORE. I yield to the Senator from Louisiana.

Mr. LONG. What the Senator is saying about the troubles of the textile industry being so much at variance with the facts as related before the committee reminds me of the story of a prizefighter who had an optimistic manager. The manager would try to encourage the boy by telling him that he was doing fine. The fighter was engaged in a match in which he was doing poorly. At the end of one of the rounds he asked his manager, "How am I doing?" The manager replied, "Fine. He hasn't laid a glove on you." The fighter said, "When I go back for the next round, I want you to watch the referee, because someone has been punching the daylights out of me."

Obviously it is competition from other materials which is causing difficulty for the textile processors and industry. I believe the Senator from Tennessee has made a case that imports are not causing the trouble.

Mr. GORE. The figures on decreasing employment and the decline in the cotton-textile industry which were presented to the committee are disturbing, indeed; but I point out to the Senator that throughout American industry there is a tendency for greater production per man-hour. What is the word that I see used so much? It is automation. Workers are fearful of that in the automobile industry, in the appliance industry, and in all manufacturing industries. It is my hope that eventually this trend toward more productivity per man-hour will result in benefit to the American people. I would not attempt to stop automation, but I do regret to see persons temporarily lose their jobs because of it. But there has been increased employment for textile workers as a result of the export trade in textiles to a far greater extent than there has been a decrease in jobs as a result of import competition.

Mr. LONG. So actually, the textile people are about 12 to 1 ahead, if one compares the ratio of exports to imports. If I understood the Senator correctly, the figures he cited show that this Nation exports about 12 times as much, in dollar value, as it imports. I believe the Senator stated that 6 percent of our textile production went into exports, and one-half of 1 percent of textiles used in this country came in as imports.

Mr. GORE. The only reason why I hesitate to confirm what the Senator from Louisiana has stated is that he has translated the percentage into dollar value. I am not sure that when translated into dollar value the same percentage would be arrived at, because of the difference in retail markups and manufacturers' costs. I am not sure how the figure would come out, but it is a substantial sum. I am advised that the percentages refer to square yards of products.

Mr. LONG. A 12 to 1 ratio would be a good offhand guess of the favorable balance of trade in cotton textiles, would it not?

Mr. GORE. I wish to give the figures exactly. Cotton manufactures and semi-manufactures accounted for \$83.1 million in imports, but the value of comparable exports was \$317.3 million.

Imports of synthetic fibers and goods were worth \$32 million, but exports of those commodities were worth \$217 million.

If in my own business I were to have a customer to whom I sold eight times as much as I bought from him, I would consider him to be a good customer, and I would try to seek ways to keep his patronage, rather than to try to cut him off and refuse to buy the small amount of his own product which would enable him to continue buying from me.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GORE. I yield to the Senator from New York.

Mr. LEHMAN. I was not present on the floor throughout the Senator's very interesting and informative speech. I listened to the figures he has given with regard to the relative position of exports and imports of fiber-made goods. I wonder whether the Senator included in those figures the carpet and rug industry of this country, or whether the figures included mainly wearing apparel.

Mr. GORE. The figures I gave were overall figures. I think I shall be able to find the figures with respect to the specific product about which the Senator has inquired. There are certain specialty items as to which there are significant imports.

The overall figures I gave indicate that imports of textiles as a whole are small and relatively negligible. I do not have the exact figures with respect to the particular commodity about which the Senator has inquired, but I shall undertake to obtain that information and have it printed in the RECORD at this point.

Mr. Steele Winterer, president of the Carpet Institute, Inc., reported to the House Ways and Means Committee that imports of machine-made rugs in 1954 amounted to about 5 percent of production. Imports were worth from \$15 million to \$20 million, and domestic production was worth about \$400 million.

The Census Bureau reported late in 1954 that production of tufted textile products, and woven and knitted cotton rugs reached a new alltime high record in the first half of 1954.

The per capita consumption of all fibers fell from 46 pounds in 1946 to 37.1 pounds in 1954, and total consumption

fell from 6.5 billion pounds to 6 billion pounds in the same period. There was thus a decline from 1946 to 1954 in the total mill consumption of fibers of just under half a billion pounds.

These changes in the consumption of fibers by United States mills, and in the composition of fiber consumption, have been domestic changes exclusively. They are not related to imports. They are the major influences which have affected the production of cotton cloth in the United States during the postwar period.

Although production levels have not changed very much, employment has. This is a very interesting phenomenon. For example, between 1951 and 1953, employment in cotton textile mills fell by about 20 percent while production between 1951 and 1953 increased by 200 million square yards. I read recently in Mr. J. A. Livingston's syndicated column, *The Business Outlook*, of March 6, 1955, that production of textile products as a whole—which included cotton textile products—increased 13 percent from December 1953 to December 1954, but employment declined by 3 percent. Of course, this development has no more been confined to textile industry than it can be blamed on imports. It has occurred in other industries where production techniques have been improved. For example, in the case of oil and petroleum products, production increased 9 percent while employment declined 5 percent. Production of transportation equipment increased 9 percent and employment decreased by 6 percent. As a matter of fact, national industrial production was up 5 percent and employment was down 4 percent during this same period.

Unmistakably, the trend in our economy is toward greater productivity and efficiency in production. It is to be hoped that this trend will create new jobs and that the decline in employment will be of short duration.

Fortunately, there is evidence that the depressed conditions of textiles in 1954 may have been reversed. The cotton situation report of last month points out that "the cotton textile industry was depressed during most of 1954 but rose to higher levels of operation late in 1954 and early in 1955."

One thing is sure: No good can come from falsely attributing this decline in employment to import competition. Over the same period which Mr. Livingston's statistics cover, our total merchandise imports decreased while our merchandise exports increased. Under that set of circumstances could the lobby blame the loss of employment on imports, when during this period imports decreased and exports increased? If anything, the effect of foreign trade on the domestic production and employment situation in 1954 was such that it supported production and employment. In the absence of this net gain in our foreign trade position, the decline in employment would have been greater.

As I said a moment ago, as the trend toward automation grows, we shall perhaps need fewer and fewer workers to produce all our domestic market can consume. If we are to maintain a high

level of employment in this country, it is imperative, as the President said in his speech in New York, that we begin to move now to develop markets abroad where we can sell the greater surplus we shall soon be producing. Otherwise, we may have to cope with a most distressing problem of unemployment.

Mr. President, having established, at least in a *prima facie* fashion, that the influences at work on the cotton textile industry have been primarily, if not exclusively, domestic in nature, let us examine more closely our net stake in foreign trade in cotton textiles. Have imports of cotton textiles exceeded exports, so as to cause a net loss to domestic producers and, by so doing, contributed to the distress of the industry? Or do exports exceed imports, and thereby constitute an important outlet for our domestic production of cotton textiles? What of foreign trade in textiles made of synthetic fibers? Is that a source of competition or an important market for the domestic industry?

I have already answered those questions, I believe; at least the RECORD speaks quite loudly.

Let me state first, in summary fashion, the overall picture of exports and imports of textile manufactures for 1954.

The bulk of our exports were made up of cotton and synthetic textiles and textiles manufactures. It is to this area of the trade that much of the lobby's propaganda is directed. Imports of cotton and synthetic textiles and textile manufactures totaled only \$115.1 million, while comparable exports were valued at \$534.8 million, or 460 percent greater.

Cotton semimanufactures and cotton manufactures accounted for \$83.1 million in imports, but the value of comparable exports was \$317.3 million. Imports of synthetic fibers and manufactures were worth \$32 million, but exports of these commodities were worth \$217.5 million.

The particular product upon which the textile lobby centers its fire is cotton cloth, sometimes called cotton piece-goods. This category includes the whole wide variety of cotton textiles that are the major products of American textile mills. Here is the situation on cotton cloth. In 1954, we exported 605 million square yards, while our imports were only 73 million square yards. Thus, out of a total domestic production of almost 10 billion square yards of cloth, we exported over 6 percent of our production, whereas imports were the equivalent of less than 1 percent of our production. This is a statistical fact which deserves more attention than it has received. Surely on cotton cloth alone—and let me repeat once more that it is in the area of cotton cloth that so much fear has been excited over imports—our square yard exports are something of the order of 8 times our imports. In fact, the American Cotton Manufacturers Institute itself has pointed out that this export business supports some 45 thousand jobs in the cotton textile industry.

The story on foreign trade is even more favorable with respect to cloth

made of synthetic fibers. There, fully 7 percent of total production finds its way into export markets, and both production and exports have been growing over time, while imports have been on the decline.

But it is sometimes argued that total figures conceal as much as they reveal. I think that in this case what they may conceal is the fact that imports are even less important competitively than the textile lobby would have us believe, for to a large extent only selected items of cotton textiles come into this country. I have previously called that to the attention of the Senator from New York. They are for the most part either low-grade, low-cost gray goods on the one hand, or the fine cotton products like damask which require a lot of handwork, on the other. The bulk of American production of cotton textiles enjoys no significant import competition.

The fears we hear so much about are fears of competition of imports from Japan. So let us take a close look at the imports of cotton manufactures from Japan. I call this to your attention, Mr. President, because in this effort, this afternoon, I am undertaking to face all the facts, and not to dodge any.

In 1953 these imports totaled \$18.7 million in value. This total was made up of four major categories:

First, cotton cloth, of which we imported from Japan 31 million square yards, or 5.2 million dollars' worth;

Second, table damask of which imports were valued in 1953 at \$3.8 million;

Third, cotton wearing apparel in the value of \$1.4 million; and

Fourth, cotton floor coverings worth \$4.7 million, of which we imported about 3½ million square yards.

In 1954, these imports increased. I think we should acknowledge that, but we should also examine it. Total imports of cotton manufacturers from Japan were worth \$23.1 million, an increase of \$4.3 million over the 1953 levels. In the case of cotton cloth, 1954 imports were \$9 million, or 48 million square yards, an increase of 17 million square yards over 1953. Imports of table damask in 1954 were the same as in 1953. Wearing apparel imports increased from \$1.7 million to \$3.1 million, while imports of floor coverings fell in value to \$4 million.

I believe that is a partial answer to the questions asked by the able Senator from New York. The facts show that imports of floor coverings from Japan were less in 1954 than in 1953; and I believe Japan is the principal source of import competition in the case of this particular item. It is important for us to recognize that 1954 was labeled by the cotton textile lobby as a year in which the American market was swamped by a devastating inundation of Japanese cotton textile imports. Frankly, I fail to see by what test it is appropriate to call the increase in imports in 1954 a flood. It amounted to less than one-half of 1 percent of our production, let me again remind the Senate.

•But let us look behind these figures and see what we can find. As I have said, Mr. President, there was an increase in

imports from Japan of cotton textiles in the last quarter of 1954. Most of that increase was in the last quarter.

In fact, almost half of the imports of cotton cloth from Japan came in the last quarter of 1954. Does this show, as the textile lobby would have us believe, a new trend in imports of cotton goods from Japan? I think not. But that is what the lobbyists sought to lead the Senate Finance Committee to think. However, I do not believe that is the case. I am advised that the Japanese economy suffered serious inflation last year. The Japanese Government undertook a policy of deflation by restricting bank credit in order to get Japanese prices back into line. Japanese cotton textile manufacturers, short of cash, sought to liquidate their inventories of finished goods, in order to finance the purchase of the raw cotton which was necessary to keep their production going. The result was the sale of textiles at which might be called distressed prices. At times, it appears that the prices at which these products were sold to United States importers were below the cost of production in Japan. This practice I frown upon. I am advised by responsible persons in the State Department that the practice has now been stopped, and I understand that efforts have been made to insure that it will not recur.

There are two lessons to be learned from this situation. One is that there is need for stability and growth in the Japanese economy. Since that economy is so dependent upon foreign trade, it must follow that a most important avenue of stability and growth for Japan is an expansion of her foreign trade throughout the markets of the free world.

I wish to point out that the negotiations now underway in Geneva involve not only the United States and Japan, but 15 or 18 other nations. What is needed by Japan and by the United States is not two-way trade, but multilateral trade. We furnish Japan a large amount of the raw materials necessary for her industry. In fact, we sell to Japan three times as much as we import from her. What is needed is a reciprocal trade agreement arrangement by which the United States cannot only continue to sell what it now sells, but can sell more raw products to Japan, so that Japan, in turn, may process such products into manufactured items and sell them in Southeast Asia. Then we, in turn, need and can take strategic materials — rubber, tin, manganese, chrome, mica, and other products—from Japan's customers in Southeast Asia.

Mr. LEHMAN. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. LEHMAN. I fully agree with the thesis of the Senator from Tennessee. I think the answer is, as was brought out in the colloquy a few moments ago with the Senator from Louisiana [Mr. Long], to build up customers for Japan. But how are we to build up, within any reasonable measurable time, the purchasing power of the Southeast Asiatic countries which can, and should be, customers of Japan?

Mr. GORE. We can build it up if the United States buys, if South America buys, and if Western Europe buys more of the very important products which are indigenous to that area. That is an area with vast resources which we need, and which the people of many other nations need. If they are purchased there, the people of that area will have an enhanced income and purchasing power which they, in turn, can use to purchase from Japan, and which Japan, in turn, can use to purchase more from the United States. That is one way to do it. There are other ways—education, economic development, and so forth. The dynamic process of growth, development, enlightenment, and education will provide increased purchasing power in that important area.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. KEFAUVER. I have always felt that Japan—and perhaps India—probably represented the key to what is to happen in the Far East. If we can keep them on the democratic side, we have a chance for our way of life eventually to survive and make progress in the Far East. The ironical thing is that some of those who talk about a strong Japan and the necessity of strengthening Japan, in an effort to see that Japan survives the economic storms and the efforts the Communists are making to infiltrate, are mainly also the ones who are strongly opposed to increasing trade with Japan, without which she cannot possibly survive. Is not that the experience the Senator is finding?

Mr. GORE. The Senator is indeed correct. When we talk of trade with Japan, in the opinion of the junior Senator from Tennessee, we are discussing a question which is vital to the security of the United States and the free world.

Saturday night I listened to a magnificent address delivered by the distinguished senior Senator from Georgia [Mr. GEORGE]. In that address he paid eloquent tribute to the Japanese people and predicted for them a return to the responsible and powerful part they have played in the past in world society. I want that part to be played on the side of freedom, on the side of democracy, on the side with which the survival of the United States of America is inexorably involved.

Mr. KEFAUVER. Does the Senator see how we can logically advocate preventing Japan from trading extensively with Communist China and with other Communist nations, and at the same time take positions, as apparently so many members of the Finance Committee have taken, which would still further reduce our trade with that nation?

Mr. GORE. As the Senator knows, Japan is a country of very limited natural resources, great density of population, and consequently stringent economic conditions. For her the choice is rather stark. It is either trade or starve. I agree fully with my senior colleague.

From our import experience in the last quarter of 1954, there is another lesson we must learn, and that is that we really

have little to fear from Japan in the way of huge inflows of cotton textiles into the American market. It required depressed prices on sales of cotton cloth to increase Japanese penetration of our market by 17 million square yards in 1954. This 17 million square yards is to be compared with a total domestic production of 10 billion square yards. It represents seventeen one hundredths of 1 percent. Under normal price conditions it is doubtful that Japan could have expanded her sales appreciably in competition with domestic production.

But she could, I believe—and I think she should—be able to increase the export and sale of her commodities among the free nations of the world, to her profit, to their profit, and to the benefit of the United States if the negotiations envisioned by H. R. 1 are successful.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LEHMAN. The Senator from Tennessee has referred to a speech which the senior Senator from Georgia [Mr. GEORGE] delivered last Saturday night, I believe, before the National Press Club. I did not have the privilege of listening to that speech. However, among my colleagues in the Senate I have very great regard and respect for the senior Senator from Georgia. The impression which I received from reading the press reports was that he was not wholly satisfied with the provisions of House bill 1 regarding our trade with Japan. As I say, that was the impression which I gained. I may have been mistaken. Perhaps the Senator from Tennessee can advise me authoritatively. I received the impression that the Senator from Georgia believed that the authority given to the President to deal with Japan on tariff matters was too broad, and should be limited. As I say, I may be mistaken.

Mr. GORE. I would prefer to have the distinguished senior Senator from Georgia speak for himself in that regard. I am not sure that my understanding of what he said and meant would exactly comport with his own meaning and understanding. If the Senator from New York will pardon me, I should prefer to have the senior Senator from Georgia answer that question himself.

Mr. LEHMAN. I fully understand the Senator's position. I suggested that he might hesitate to speak for the Senator from Georgia.

Mr. GORE. I thank the Senator. It is perfectly true that there are individual specialty items where imports have been a significant proportion of domestic production. But the total domestic production of these products is a small part of our entire production of cotton goods. One of these specialty items is velveteens. Total United States production of velveteens was about 3 million square yards in 1954, as compared to the total production of 10 billion square yards of cotton cloth. There were 1,190 looms in the United States producing velveteens and less than 1,000 workers engaged in their production.

Ginghams are another item where imports are supposed to be sizable. There

are no separate import data from gingham but it is understood that these imports increased substantially in 1953–54 from the United Kingdom and Austria. But again, gingham constitute only a small part of our total national textile production. Last year the production is estimated at only about 57,250,000 yards, less than 1 percent of our 10-billion-yard total cotton textile production.

The lobby tells us there is a critical situation in damasks. Even if there is stiff competition in this speciality line, it does not necessarily follow that the textile industry will be irreparably damaged, for our damask production is only about 15 million square yards a year. Shall the whole foreign economic program of the United States be jeopardized because of a few specialty items?

Would the textile industry refuse to accept the importation of any textile product whatever? If so, I come back to the question I asked earlier in my speech: What other segment of American society shall we expect to bear the burden of accepting import competition to balance our exports of \$622 million worth of textiles?

I wish to refer to one other item, namely, the manufacture of shirts. Actually, in the shirt-manufacturing field there is very little competition from imports. Nevertheless, the tariff lobby has succeeded in arousing fear among the employees of shirt factories until they have been writing me by the hundreds. Merchants who depend upon shirt factory employees for trade have likewise been writing me, as have chamber of commerce representatives, shirt factory owners, and plant superintendents.

I have in my hand typical letters from shirt factory employees in my State, and I should like to read a letter that comes from Milan, Tenn.:

DEAR SIR: Will you please come to our rescue by voting against low tariff laws. People are out of work, many with children to support, because we can't sell our products made here at home. Foreign trade is putting many families on starvation.

I think it is reprehensible for a lobby in Washington, financed with huge self-interest funds, to seek to mislead and to succeed in misleading people, and to throw fear into their hearts. The writer of this letter concludes her appeal with these words:

Please won't you help us by helping our country get rid of low-tariff laws. Thank you.

The facts show that there is no reason for this lady to be alarmed about her job because of the importation of shirts. Quite to the contrary, her job might well depend upon the exportation of shirts, as is the case with the jobs of many of those who work with her.

What are the facts?

In 1954, United States imports of men's shirts amounted to less than 0.8 of 1 percent of United States production. Imports in 1953 were even less. United States production of men's shirts in 1954 exceeded 19 million dozen. Imports amounted to \$915,836, but we exported more than 6 times this amount, \$5,881,300 worth.

Compared with total production, however, the imports appear even less consequential—less, as I have said, than 1 percent. Yet the propaganda of the tariff lobby has succeeded in this case, as in others, in arousing fear where there is no cause for fear.

From this one plant I received 143 letters, all written according to the pattern suggested by the tariff lobby.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LONG. The Senator from Tennessee visited Louisiana some years ago, and I was very much honored to have him as my guest for a few hours. I am sure he recalls that during his visit he spoke at a parish fair in southwestern Louisiana, where he addressed a large gathering, and that at that gathering he observed rice growing as far as the eye could see in every direction.

Mr. GORE. And there was a very large gathering of people, too.

Mr. LONG. The people the Senator spoke to on that day were rice farmers. They must sell at least half of their rice to overseas customers. They depend on people overseas who have dollars with which to purchase the rice. I am sure the Senator has visited other areas of our country, such as in the State of Tennessee, where cotton grows as far as the eye can see.

The Senator himself has pointed out in debate on the floor of the Senate that in good years 50 percent of that cotton must be exported to people who need the cotton, so that they may process it into clothing and other products.

The millions of American cotton farmers need cotton customers. They can get them only if the customers are able to earn dollars with which to buy the cotton. Is that not about the situation?

Mr. GORE. That is precisely the situation. Not only are cotton farmers, rice farmers, tobacco farmers, and wheat farmers interested in export trade, but so are 200,000 textile workers. The same thing is true of 4 million other Americans engaged in industry. A loss of our export trade will result in a contraction of our economy, a lessening of our industrial employment, and a shrinking of markets for our farm products. No one advocates that, of course. However, where are those who are willing to do the things necessary not only to maintain our present export trade but to expand it, which I believe would be healthy, not only for this country, but for the free world as a whole?

I appreciate the contribution of the able junior Senator from Louisiana. I recoll with pleasure being in his company upon the occasion to which he has referred. I enjoyed my visit to the great State of Louisiana. My heart was warmed by the esteem and genuine affection in which I found he was held by his fellow citizens.

But I wish to point out to him that the welfare of those people, as is true of the welfare of the United States as a whole and of the free world, is involved in maintaining economic solidarity in the great and grand alliance of free nations which we have built up at such

a great cost, and upon which the security of this country so vitally depends.

The Senator referred to the export of cotton. I wish to recall to his attention specific figures. In 1954 the United States exported \$125 million worth of cotton to Japan. The total import of cotton textiles to this country, mostly in specialty items which competed but little with American industry, was \$23 million worth. Would not the Senator think that when we have a customer who takes \$125 million worth of our products, of which we have huge unmanageable surpluses, in return for only \$23 million worth of imports, largely noncompetitive, he is a valuable customer?

Mr. LONG. Mr. President, will the Senator from Tennessee yield further?

Mr. GORE. I yield.

Mr. LONG. One point that might escape the eye is that by Japan's taking this cotton from the United States she is able to sell to customers to whom we cannot sell. The Senator from Tennessee is very familiar with the fact that all the nations of the world are seeking dollars, but they cannot get the necessary dollars to pay us for goods they would like to buy from us. In many cases they can trade with Japan because they do not have to have dollars in order to trade with that country.

Mr. GORE. I come back to the fact that there are only two ways by which other nations which do not mint or print dollars can obtain them. One is by trade with the United States, and the other is by grants and gifts from the United States.

Mr. LONG. The thought occurs to me that while I should prefer to have someone overseas buy cotton shirts made in the United States, if it came to deciding whether that person was going to buy a cotton shirt from Japan or from Russia, I should prefer that Japan get the customer in preference to Russia.

Mr. GORE. I see that the Senator and I are viewing the problem very nearly alike. I point out that the Soviet Union has made trade agreements involving the sale of cotton. However, I would not overemphasize the state of the cotton industry is international trade.

I have sought today to pinpoint the textile industry because it has been the chosen instrument of the tariff lobby with which to invade the South with protectionist philosophy, and because it is through this chosen instrument that the tariff lobby has had its most marked success in opposition to the passage of H. R. 1 without crippling amendments.

Mr. LONG. I think the Senator has picked a good example. Speaking as one who, in part, represents a State which has only a very small proportion of the Nation's textile production, I have received literally hundreds of letters from persons who wish to prohibit or prevent any expansion of trade in cotton textiles.

Mr. GORE. Contrary to the Senator's situation, I have the honor of representing, in part, a State which has much textile production. More than 60,000 persons whom I, in part, have the honor of representing are employed directly in

the textile industry. The prosperity of many communities in Tennessee is dependent upon the textile industry. Therefore, when I discuss the question I do so with real interest, with genuine interest in the welfare of the industry, and I have undertaken to express my resentment at the misrepresentation of facts relating to that industry.

Mr. President, I point out to the junior Senator from Louisiana that, whereas there are many plants producing textiles in my State, the industry is growing in the State of Louisiana. There are now 15 plants in the State of Louisiana producing textiles.

Despite the spreading alarm, records show that the United States has increased her textile exports and decreased her imports as compared with prewar. With United States production of cotton cloth up by 2 billion square yards in 1953 over 1939, our exports in 1953 took a little over 6 percent of our production as compared with 4 percent in 1939. Imports were about one-half of 1 percent of our production in 1953, only about one-third the percentage of 1939.

So, despite this great cry of alarm, look at the trend. Look at the success with which the American textile industry, through the ingenuity of American workers and American management, has met the competition.

Our exports of cotton yarn were up to 17.2 million pounds in 1953 as compared with 9.9 million pounds in 1938, and our imports of cotton yarn were down to 200,000 pounds in 1953 compared to 1 million pounds in 1938. In the case of rayon piece goods, our position has likewise improved. Production has increased by almost 50 percent since 1938, imports in 1953 were 6 million square yards as compared with 3 million in 1938, and United States exports have risen from 26 million square yards to 216 million square yards in 1953.

These developments are not surprising. The United States textile industry enjoys a very strong competitive position, not only at home but also in foreign markets. How else could it export last year eight times as much cotton cloth as was imported? Even in 1954, when domestic production of cotton cloth fell below 10 billion square yards, exports helped sustain the industry.

In the case of cotton duck and allied fabrics, production in 1954 fell by 300 million square yards below 1953. Exports, however, increased by 1.5 million square yards—exports increased from 3.5 percent of production in 1953 to 4.5 percent in 1954.

As I have said, over 6 percent of our production of cotton-print cloth was exported in 1954.

In the case of denims, production declined from 394 million square yards in 1953 to 380 million square yards in 1954. But exports stayed up and rose, as a percentage of production, from 7.8 percent in 1953 to 9.2 percent in 1954. Meanwhile, imports of denims were insignificant.

Take cotton tapestry, upholstery, and drapery materials. Production in 1954 increased by 20 million square yards and

exports increased from 3.8 percent of production in 1953 to 4.1 percent in 1954.

Imports were only a fourth of exports. As I have indicated, total exports of cotton cloth declined somewhat in 1954. But there is evidence that exports are increasing and helping to sustain the recovery in the industry. Our exports in each of the last 3 months of 1954 were actually greater than exports in the corresponding months of 1953.

Let me read some excerpts from a speech delivered by Mr. Matthew J. Cuffe, the president of the Textile Export Association of the United States to the annual meeting of the American Cotton Manufacturers Institute at New Orleans on April 23, 1954. The text of his address appeared in the *Journal of Commerce* for April 26, 1954.

I am certain that everyone is aware of how necessary a prosperous export trade is to the smooth and profitable functioning of our industry. Since the lifting of foreign trade restrictions early in 1947, more than 6 billion yards of American cotton textiles have been shipped overseas. This volume, together with military purchases, supplied that so-called plus business which enabled the industry to operate its equipment at a rate far in excess of the prewar average, to pay the highest wages in the world, and at the same time furnish steady to overtime employment to a half million workers, and yield highly satisfactory returns to thousands of stockholders.

But even these figures fail to picture accurately the vast extent of our export trade. Customarily, the fluctuations in our foreign trade are measured in terms of countable cotton cloths. These figures do not include many items which cannot be measured in terms of yardage and are listed either in pounds, units or in dollars.

For example, our exports of countable cotton cloth last year amounted to 620.8 million square yards. Incidentally, this total does not include exports to territories and possessions of the United States such as Puerto Rico, Virgin Islands, Guam, Hawaii, and Alaska which amounted to almost about 75 million yards. In addition, our industry exported 17,235,000 pounds of cotton yarn, 20,879,497 pounds of remnants, a million and a half cotton blankets, more than 800,000 bedspreads, 228,000 dozen sheets and pillowcases, 370,000 dozen handkerchiefs, close to 4 million pounds of cotton bags, about 12 million yards of assorted drapery fabrics, plushes, pile fabrics, etc. I cite these figures as an examples of the range of the industry's foreign-trade interests. Loss of this business, I think you'll agree, would cause grave repercussions in our domestic merchandising and manufacturing centers.

After discussing the problems of restrictions abroad against our exports of textiles, Mr. Cuffe goes on to say:

I hope that what I have said does not lead anyone here to the belief that there is no room for American textiles in international trade and that the only course open to us is to retreat gracefully and concentrate on our domestic markets.

We in the export trade have consistently maintained that there are tremendous outlets for American goods which are being denied us by artificial and discriminatory trade barriers. We cannot hope to compete on a price basis with the low-count staples of Japan and India. Our mass production methods make it impossible for us to compete with so-called luxury items of Western Europe. But in the so-called middle ground American cotton textile manufacturers are supreme. There are no mills in the world

which can produce denim, percales, chambrays, vat-dyed twills and drills, corduroys, sheets, towels and many other items at prices equal to our when quality factors are taken into consideration.

As Mr. Cuffe points out in his speech, it is the continued existence, and in many cases, the aggravation of restrictions abroad on our textile exports, which accounts for the decline in our exports of cotton textiles over the past few years. If these restrictions could be reduced in the future, then our exports would increase because of our strong competitive position. Mr. Cuffe finished his address by saying:

The so-called social transformations resulting from the war have produced so-called middle classes in many countries and these are the people to whom American textiles appeal. Removal of the trade bars directed against us would enable us to cultivate this new and large body of consumers and put our export trade on a solid footing.

This view is seconded by the economic advisor of the American Cotton Manufacturers Institute, Dr. Claudius Murchison, in a study entitled "The Cotton Textile Industry and Foreign Economic Policy" of February 1954. Dr. Murchison feels that there is a great potential market for cotton textiles in the underdeveloped countries. He wrote, at page 19:

The startling paradox of the world cotton-textile situation is that, while a condition of overcapacity and production surplus exists in the major manufacturing countries, a condition of extreme scarcity prevails in the underdeveloped nations where the goods are most needed.

How can we hope to tap these important and expanding markets overseas? How can we hope to effect a reduction in the restrictions against our exports abroad so that we can gain access to overseas markets unless we give the President tools with which to negotiate?

Mr. MORSE. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. MORSE. I wish to commend the Senator from Tennessee upon the thesis he has so ably defended and advanced this afternoon. I am particularly interested in the quotation of a statement by Dr. Murchison, which the Senator has just read.

I wish to ask if he agrees with me that it raises the point that, after all, the great defense weapon for freedom for many decades to come may not be the economic productive power of the people in backward areas of the world, since their standard of living must be raised if we are to have any hope, at least, for permanent peace on this earth. Does the Senator agree with me on that general thesis?

Mr. GORE. I do, indeed. I thank the Senator from Oregon for his generous references to me and for his contribution to the discussion.

Mr. MORSE. To take the basic cotton problem involved, when we consider the millions of people in the so-called underdeveloped areas of the world, and their need for textiles and textile goods, does the Senator agree with me that there is a great potential market which

ought to be tapped in disposing of the cotton supply of this country; and that to the extent that that market is tapped, we start to build up the standard of living of those people?

Mr. GORE. I do, indeed. It is by that process plus the mutuality of trade that prosperity will be increased in this country and in other countries with which we are associated.

Mr. MORSE. When the Senator says that, does he agree with me that if we could raise the standard of living of millions of people in, let us say, the next 20 years—and that is not so long a time—by a maximum of only 5 percent, we would thereby create a market availability for American industry which would return to us many times the amount of any investment which might be made under the kind of bill which is now being discussed in the Senate?

Mr. GORE. I not only agree as to the material returns, but I suggest that the returns of friendship, respect, and understanding might be even far more precious.

Mr. MORSE. I completely agree with the Senator's observation. I wanted to express this word of support of the Senator's position by relating it definitely to what I think is a very interesting observation in the Murchison study.

Mr. GORE. I thank the Senator. I, in turn, wish to inquire of him if, perchance, he read in the *New York Times* of today an article from Geneva, reported by a Mr. Hoffman, whom I know and for whom I have high regard, to the effect that there is developing in Europe a strong sentiment for isolating the American dollar in international trade.

Mr. MORSE. I have not read the article, but I would observe that a policy of economic isolationism on the part of Europe would be just as shortsighted as a policy of economic isolationism on the part of the United States, because I think mankind—and I prefer to discuss the problem from the standpoint of the obligations of mankind to future generations—will follow a self destructive policy if it adopts an economic isolationist program in every segment of the world.

I think the greatest and most effective way of fighting the vicious advance of communism and of checking it is by demonstrating the superiority of our system of economic freedom and of the choice of a system whereby the people become the economic masters and not the economic servants of the state. The latter type of system is what exists behind the Iron Curtain.

Mr. GORE. Mr. Hoffman reported that the prevailing sentiment, the sentiment of the abler and more progressive thinkers of Europe, was that economic isolationism in Europe would have the disastrous effects which the Senator from Oregon has stated he believes would result, and that such an enlightened sentiment prevailed now. But he stated that if the United States itself, turned toward a policy of economic isolationism, the result might be the growth and the eventual predominance of a sentiment in Europe to isolate the American dollar. Why? Because of the im-

practicability of trading with a nation which is not only the greatest exporter, but is also the greatest importer, and which refuses to face up to the fact that international trade is a two-way street.

Will we accomplish the desired ends that are of so great importance for the American textile industry by defeating or emasculating H. R. 1? The answer must be an emphatic "No."

One policy that can help to secure for our textile industry its share of overseas markets is that represented by the passage of H. R. 1. I believe this to be true for several reasons: First, an expansion of world trade and an increase in the ability of foreign countries to earn dollars will create favorable conditions abroad which will permit a reduction in trade restrictions which exclude some of our products from some foreign markets. Secondly, through the trade agreements mechanism, and that includes GATT, we can negotiate with other countries for a reduction and elimination of these restrictions. We can bring effective pressure to bear on these countries to eliminate discriminatory practices which penalize our exports.

Perhaps most important of all is the fact that passage of H. R. 1 is a symbol of the continuation of our historic policy which was initiated in 1934. It is a symbol of the stability and direction of our economic leadership of the free world. If this country backslides on this vital policy, she can only expect that other countries will also withdraw. We would have much to lose from that. Already, there are pressures from textile producers in Canada and Latin America—the major export markets for our textiles—to protect their industries from American competition. Mr. President, you can be sure that if we move back to protectionism by defeat of H. R. 1, or by amendments which would cripple it, other countries will follow suit and give in to the demands of their own protectionists. The senior Senator from Oregon [Mr. MORSE] envisioned that result, with its catastrophic consequences. The consequences for our whole economy, not only the textile industry, would be disastrous.

Mr. President, I have today emphasized the problems and circumstances of the textile industry as related to international trade, for three reasons, which I have already related, but which I should like to relate again in summary. One reason is my genuine interest in export trade and its effect on the economic system of the United States. The second reason is that it is in this field the propaganda of the tariff lobby has been most blatant and misleading and, at the same time, most effective. The third reason is that this special interest has received the first major concession of the Senate Finance Committee.

However, the textile industry is by no means the sole beneficiary of the amendments tentatively adopted by the Finance Committee. In fact, the protection provided for items and economic segments other than textiles, particularly some in which we have no imports, or only negligible imports due to unrealistically high tariffs, is considerably less defensible than the concessions to the textile in-

dustry. These I shall discuss later, in more detail, when the bill reaches the floor of the Senate, provided this amendment remains in the bill.

I would not have my emphasis on the textile industry today be misunderstood. Other industries and economic groups have joined in this onslaught of high-tariff lobbying. Perhaps I shall have occasion later to discuss the international economic problems and political activities of the chemical, coal, oil, and electrical-equipment industries, and perhaps others. I do not wish this brief reference to indicate any condemnation of these groups. Like the textile industry, each of them has genuine problems with which I am genuinely sympathetic; but I would not have the overall national interest of the United States submerged because of individual problems, and particularly because of misrepresentations with respect to them.

What I should like to emphasize most is the overall problem of economic balance. The United States is the world's leading exporter and its leading importer. Our economic position is so preeminent that what we do affects every member of the grand alliance of free nations.

It is no longer possible, as some persons seem to think, for us to regard international trade as solely a matter of domestic politics.

Fortunately, we are in a position where our own enlightened economic self-interest and world responsibilities converge in a trade policy that will permit an expansion of international commerce.

In closing, I should like to emphasize further, Mr. President, that the United States is not only the world's greatest trading nation, but also the world's greatest creditor nation. Like water, the flow of international economics seeks a level—a balance. The question for the Congress to decide is whether that balance will be achieved through two-way trade, curtailment of United States exports or continued foreign subsidy by United States taxpayers. As for me, I choose trade.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GORE. I yield to the Senator from Louisiana.

Mr. LONG. I wish to congratulate the Senator for a truly magnificent address on this subject.

Mr. GORE. I thank the Senator.

Mr. LONG. I have heard many speeches concerning foreign trade. However, I believe the two best speeches made on the subject were both made by the same Senator, the junior Senator from Tennessee.

Mr. GORE. I thank the Senator for his kind remarks. Any time he wishes me to come to Louisiana to speak, I shall be happy to do so.

Mr. LONG. The Senator's speech this year on the subject was very fitting, as fine an address as the one which he delivered on the floor of the Senate last year, when he led the fight to try to see to it that we would have a liberal foreign trade program which would give us some hope of winning the battle between communism on the one hand and free-

dom on the other. We shall certainly welcome his leadership in the fight which will take place on the floor when the bill comes from committee.

I am frank to say, as a member of the committee, I am not happy about some of the amendments which have been adopted. Generally I agree with the Senator from Tennessee. Perhaps we may be able to save the bill from emasculation before it is passed.

Mr. GORE. I thank the Senator. His statement is greatly appreciated and is a source of encouragement to me.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. GORE. I yield to my distinguished colleague.

Mr. KEFAUVER. I desire to join the Senator from Louisiana in congratulating the junior Senator from Tennessee for the able presentation he has made. He has done a great deal of research and has presented a defense of the reciprocal trade program against the viewpoint from which it has been receiving its most severe attack.

In presenting his argument this afternoon the junior Senator from Tennessee has done something that more of us in the Senate need to do. When there is a pressure from a particular group or groups it is not easy to disagree with them. When, for the common good of all the people of the Nation generally, it is essential to disagree with such a group, it is very difficult to take the time to do the necessary research in order to present arguments for the common good. That is what the junior Senator from Tennessee has done this afternoon.

I hope before the reciprocal trade bill comes before the Senate for a vote other Members of the Congress and officials of the executive departments who are charged with responsibility in the matter will do as the junior Senator from Tennessee has done. He has vigorously presented the viewpoint that without a reciprocal trade program our trade could not expand, and that without such a program we would be working under many difficulties in trying to achieve a just and lasting peace.

Mr. GORE. Mr. President, I thank my colleague. I am grateful for his generous comments. It is my genuine hope that my effort today, which is the result of much work, will be helpful. At the risk of repetition, I wish to say again what I said to the distinguished junior Senator from Kentucky [Mr. BARKLEY], that the United States Senate does have the facilities for research and for developing the facts, whereas many employees of the textile industry do not have such facilities.

I regret that the President has not provided forceful and effective leadership. But as I said to the Senator from Kentucky, that does not absolve the Members of this body, on which the Constitution has placed specific responsibility.

I thank the Senator; and I hope, with him, that other Senators will join in the discussion, will conduct research, and will dig into the facts, in order that the

Senate may arrive at a conclusion which will comport with the national interest.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield to me?

The PRESIDING OFFICER (Mr. SALTONSTALL in the chair). Does the Senator from Tennessee yield to the Senator from Illinois?

Mr. GORE. I yield.

Mr. DOUGLAS. I, too, wish to thank the distinguished junior Senator from Tennessee for his very able remarks of this afternoon. Until the Senator from Tennessee took the floor, the enemies of freer trade had had almost full sway, both on the floor of the Senate and in the committee which is considering the bill. The pressures for special favors are heavy, and it is difficult to resist them. We must build up sentiment in favor of the general advantages of freer trade. The Senator from Tennessee has done that admirably, and has performed a public service of the first magnitude. I hope he will go on, from strength to strength, and from victory to victory.

Mr. GORE. Mr. President, my gratitude for the generous comments and the sentiments of my distinguished friend, the eminent and able senior Senator from Illinois, is almost unrestrained. With his encouragement, I shall proceed to render to the best of my ability the small contributions of which I may be capable in this great battle.

RESOLUTIONS ADOPTED AT 64TH ANNUAL CONVENTION OF THE DAUGHTERS OF THE AMERICAN REVOLUTION, APRIL 22, 1955

Mr. MALONE. Mr. President, the Daughters of the American Revolution have just held their 64th annual convention. It was one of the most successful conventions ever held by that great, patriotic organization.

Mr. President, the Daughters of the American Revolution together with the veterans organizations of this Nation are the natural guardians of our liberty through constitutional government.

The Members of Congress would do well to study the work of the Daughters of the American Revolution in the light of pending legislation to divide the wealth of this country with the nations of the world.

Mr. President, I ask unanimous consent that the 23 resolutions adopted by the 64th convention of the Daughters of the American Revolution be printed at this point in the RECORD as a part of my remarks.

There being no objection, the resolutions were ordered to be printed in the RECORD as follows:

RESOLUTIONS

FLAG

Whereas the present Public Law No. 829 is somewhat confusing as to the correct position of the United States flag in relation to the banners of the United Nations, NATO, and other like world organizations: Be it

Resolved, That the National Society, Daughters of the American Revolution, urge the Congress of the United States to pass a clear and concise law making it unlawful at any time to fly any international flag or banner above or on the same level with the flag of this Nation within the borders of these

United States or its possessions; be it further *Resolved*, That a penalty for the violation of the sovereignty of the flag of these United States be included in this legislation.

REGULATION OF FOREIGN COMMERCE

Whereas the reciprocal trade-agreements program represents an unwarranted encroachment of the executive branch of our Government upon the legislative responsibility conferred upon Congress by the Constitution of the United States; and

Whereas as a result of reduction of tariffs under the reciprocal trade-agreements program various industries important to our healthy economy and strong national defense have been injured or forced out of business with consequent injury to and loss of jobs by the American workingman: Be it

Resolved, That the National Society, Daughters of the American Revolution, urge Congress to allow the 1934 Trade Agreements Act (Reciprocal Trade Agreements Act) to expire June 12, 1955, and upon its expiration, the Congress should assume its constitutional responsibility of regulating foreign commerce through its agent, the Tariff Commission.

REDEDICATION TO RELIGIOUS PRINCIPLES

Whereas the heart of atheistic Marxism is the denial of God, and the destruction of all symbols of religious faith; and

Whereas many religious leaders and publications are zealously advocating the sacrificing of the sovereignty of the United States for a world government under the United Nations: Be it

Resolved, That the National Society, Daughters of the American Revolution, earnestly requests our spiritual leaders to hold steadfastly to the faith of our fathers in the teachings of the Bible and to beware of the pitfalls of world government and the Socialist state.

COMMUNIST INFLUENCE IN LATIN AMERICA

Whereas the Soviet Union has constantly intervened in the affairs of Latin American Republics, and has used certain Central American countries as a beachhead in the Western Hemisphere in a conspiracy to gain domination of all Latin America, thus threatening the very existence of this Nation and the entire free world: Be it

Resolved, That the National Society, Daughters of the American Revolution, urges immediate strengthening of relations between the United States and all Latin American countries, through more technical, economic, and military aid to those countries that are being influenced by Communist propaganda against the United States, and against the capitalist system in the entire world.

RED CHINA

Whereas Red China has violated in many instances the terms of the Korean Armistice; and

Whereas admission of Red China to the United Nations would add to the already dangerous power of the Soviet Union in swaying the votes in the Security Council of the United Nations: Be it

Resolved, That the National Society, Daughters of the American Revolution, reaffirm its previous stand and strongly oppose the admission of Red China to the United Nations.

ANTARCTICA

Whereas Antarctica, a continent reported to be larger than the United States and Mexico combined, has untapped reservoirs of natural resources, said to be rapidly becoming of important material value; and

Whereas American citizens have discovered more of the South Polar continent than all other nations combined and have done nothing to validate its rightful claims; and

Whereas 7 other countries claim portions of the area, 1 country claiming the entire continent: Be it

Resolved, That the National Society, Daughters of the American Revolution, urge the Congress immediately to take the necessary action to further explorations, to produce maps and to make investigation of mineral resources in Antarctica in order to lay the foundation to validate the rightful claims of the United States.

ATOMIC ENERGY

Whereas it is our belief that the pooling of atomic information and resources among the nations constituting the United Nations would have the effect, not alone of investing immeasurable potentials for the destruction of the United States of America by its openly avowed enemies, but could result in the accumulation of unlimited physical energy by an international oligarchy, which through its monopoly, would be enabled to hold all nations of the world in terror and achieve such a tyranny as never before has been witnessed in human history: Be it

Resolved, That the National Society, Daughters of the American Revolution, urge the immediate abandonment of all such plans and concentrate attention and effort toward further discovery and application of all available measures for the protection of our Nation against the facilities which our enemies have already acquired, and when they deem it expedient, will unhesitatingly employ.

FOSTER TRUE PATRIOTISM

Whereas the theme of this 64th Continental Congress is "Foster True Patriotism," as stated in the major objectives of our national society, and chapters have used this topic for programs during the year; and

Whereas true patriotism and Americanism are needed during this crucial period more than ever before in the history of our Nation, in order to assure the preservation of our Constitutional Republic as envisioned by its Founding Fathers: Be it

Resolved, That all DAR chapters and members redouble their efforts to foster true patriotism and love of country.

LAWMAKING BY TREATY (BRICKER AMENDMENT)

Whereas the Constitution of the United States of America is the greatest document for human liberty in 2,000 years of recorded history and, originally treaties were intended to be agreements between sovereign nations concerned solely with international affairs, and

Whereas treaties and executive agreements have been and are now being drawn which admittedly endanger American rights, make domestic laws, override the Constitution, give congressional powers to the executive branch of the Government, gives States rights to the Federal Government or to an international body, and cut across our Bill of Rights: Be it

Resolved, That the national society, Daughters of the American Revolution, urge the immediate adoption of the Bricker amendment which will provide that no treaty or other international agreement in conflict with the Constitution shall be of any force or effect; and no treaty or other international agreement shall become effective as internal law in the United States except by valid legislation duly enacted by the elected representatives of the American people.

UNITED NATIONS AND WORLD GOVERNMENT

Whereas the United Nations is a group of 60 nations banded together for the sole declared purpose of preserving peace in the world with definite provision that there be no interference in the domestic affairs of any member nation; and

Whereas by the following assaults upon the Constitution of the United States it is now clear that a concealed purpose is to destroy the sovereignty of the United States of America in order to build a world government without the right of secession:

1. By the Fujii case in California, through which the Charter of the United Nations was substituted for the laws of the State of California;

2. In the Steel Seizure case, a Chief Justice of our Supreme Court claimed the right of the President to seize private property under the Charter of the United Nations;

3. The propaganda of the Declaration of Human Rights is used to confuse and conceal the true purpose of the Covenant of Human Rights—which would, if adopted, destroy free speech, free press, free religion and the right to own private property;

4. The Genocide Convention will, if adopted, deprive American citizens of the right to trial by jury and will make them subject to the provisions of a world court;

5. UNESCO is a deliberate plan to create public opinion for world citizenship—it is especially directed to the school children of the Nation and is patterned exactly after the Communist teaching in Soviet Russia; Be it

Resolved, That the National Society, Daughters of the American Revolution, implore the Congress of the United States to declare in unmistakable language the sovereignty of the United States of America, demand that the United Nations confine its activities to being a deliberating body only of sovereign nations and that all interference in the domestic affairs of the United States cease immediately and completely.

STATUS OF FORCES TREATY

Resolved, That the National Society, Daughters of the American Revolution, renew its request that the Status of Forces Treaty be reviewed as soon as possible by the United States Senate to the end that means be found whereby the historic rights of Americans serving on foreign soil both in the Armed Forces and in civilian service be reestablished.

FOR A SOLVENT REPUBLIC

Whereas the national debt of the United States exceeds \$275 billion, courting inflation and bankruptcy; and

Whereas the recipients of American taxes in foreign aid have exceeded their production and foreign trade as recorded previous to World War II; Be it

Resolved, That all foreign aid be reduced as rapidly as possible and these billions of American tax dollars be applied on the national debt to promote a balanced budget and a financially secure United States.

FOUNDATIONS

Whereas there are approximately 7,000 foundations in the United States of America with resources in excess of \$10 billion and an annual income of over \$300 million; and

Whereas many foundations are using their tax-exempt funds to subvert our youth by directing American education toward an international viewpoint and disregarding the traditions to which they were dedicated; Be it

Resolved, That the National Society, Daughters of the American Revolution, request the 84th Congress of the United States of America to conduct an unhampered investigation, the findings of which would expose to the public the foundations which are using their funds in a manner detrimental to American interests.

GREAT SEAL OF THE UNITED STATES

Whereas the underlying law relating to the Great Seal of the United States—the resolution of Congress of June 20, 1782—specifies certain colors for the component parts of the device but not the uniform shades of the colors; Be it

Resolved, That the National Society, Daughters of the American Revolution, bring to the attention of the Congress of the United States, the State Department and necessary divisions thereof, the fact that there is no departmental or official control

of the shades of color used in the Great Seal of the United States and urge that master color plates of the Great Seal be devised and adopted to serve as an authentic guide so that all copies of the Great Seal shall have uniform shades of color.

YOUTH GUIDANCE

Whereas the report of the FBI informs the public that juvenile delinquency has greatly increased, especially in the lower age brackets, which situation now constitutes a serious and tragic menace both to the child involved and to the security of the Nation; Be it

Resolved, That the Daughters of the American Revolution determine to develop in their respective communities an increased and active interest in healthy and well-ordered training in the home and in the school; to emphasize the moral force of the church, to support worthy youth groups which meet the need for recreational activities, and to promote, wherever feasible, juvenile courts for the sympathetic understanding of the problem of the juvenile delinquent.

FEDERAL AID TO EDUCATION

Resolved, That the Daughters of the American Revolution reaffirm their adamant stand for control of education by the people through their States and local communities only and oppose Federal aid to education.

AMERICAN HISTORY A REQUIRED SUBJECT

Whereas one of the primary objectives of our National Society, Daughters of the American Revolution, is to stress the understanding of American history and civics; and

Whereas the teaching of these subjects in our schools, colleges, and universities should be stressed in order to enable all young people to have a better knowledge of our country and governmental system essential for good citizenship; Be it

Resolved, That each State be urged to pass laws requiring that courses in American history be taught in our elementary, junior and senior high schools, and that at least one course in American history and civics be required for graduation in all colleges and universities, both State supported and privately endowed.

INVESTIGATING COMMITTEES

Resolved, That the National Society, Daughters of the American Revolution, reaffirm its previous stand on the policy of investigating committees, commend their efforts in exposing subversive activities and earnestly request the Congress to appropriate adequate funds for the continuance of the courageous campaign by our duly elected legislators and their staffs.

IMMIGRATION AND NATIONALITY ACT (M'CARRAN-WALTER ACT)

Whereas the Immigration and Nationality Act (Public Law 414) which became effective on December 24, 1952, is the result of a 4-year study and compilation of the previous rules and regulations for immigration; and

Whereas many countries which claim an overpopulation and demand a refuge for their nationals in these United States have not fulfilled their treaties with the United States by furnishing the stipulated number of members in their Armed Forces; and

Whereas the act has been effective in the denaturalization and deportation of criminals and subversives and is operating in the best interests of the American people; and

Whereas there has been and continues to be, a concerted effort to undermine and destroy the provisions of the law and to present private bills to the Congress admitting great number of aliens; Be it

Resolved, That the National Society, Daughters of the American Revolution, reaffirm approval of Public Law 414 and urge all patriotic Americans to resist weakening amendments or private bills which would

destroy the effectuality of the Immigration and Nationality Act.

PROTECT AMERICA'S FUTURE THROUGH PATRIOTIC EDUCATION

Whereas the changing of the name Constitution Day to Citizenship Day in the matter of observance of September 17 as the date of the signing of our Constitution minimizes the importance of this all-important document in the minds of the American people and emphasizes the citizenship idea which tends to fall into the "world citizen" plan of propaganda, and in order to preserve, support, and appreciate our Federal Constitution it is essential to understand its provisions and principles; Be it

Resolved, That the National Society, Daughters of the American Revolution, urge the United States Congress to restore the designation Constitution Day to the date of September 17 in order that all Americans on this anniversary may rededicate themselves to the basic principles of this great document; and

Resolved, That the National Society, Daughters of the American Revolution, in every locality study and publicize the Constitution during its 168th anniversary week of September 17-23, 1955; request their mayors and governors to proclaim Constitution Week; and sponsor chapter, school, and public programs on the Constitution, especially emphasizing the primary purposes of good government as set forth in the Preamble to the Constitution and the freedoms as set forth in its Bill of Rights, so that it may continue to protect us and our posterity in this Nation under God.

FBI

Whereas the National Society, Daughters of the American Revolution, reaffirms its confidence in the Federal Bureau of Investigation and its Director, J. Edgar Hoover, with commendation for its past record; be it

Resolved, That the Congress of the United States be urged to appropriate funds adequate to continue and expand its effective services.

COMMENDATION OF FORMER PRESIDENT HOOVER

Resolved, That the National Society, Daughters of the American Revolution, express its heartfelt appreciation to the esteemed former President of the United States, Herbert Hoover, for his continued interest in, and activity for, the problems facing the Government and, in particular, the findings contained in his current report as Chairman of the Commission on Organization of the Executive Branch of the Government.

FEDERAL SUPERVISION OVER INDIANS

Whereas there is now before the Senate of the United States a bill, S. 401, which calls for the abolishment of the Bureau of Indian Affairs, removal of Federal guardianship over Indians and trusteeship over Indian land, within 3 years from the date of the enactment of the act; Be it

Resolved, That the 64th Continental Congress of the Daughters of the American Revolution commend the Bureau of Indian Affairs for its diligent study of problems relating to American Indians on reservations as wards of the Federal Government, and earnestly solicits the Secretary of the Interior to grant sufficient extension of time for proper training of these dependent people for complete cultural assimilation and integration into mixed community life; and

Resolved, That the State Societies and Chapters of the Daughters of the American Revolution within the several States where Indian tribes exist on reservations, be requested to contact the members of their State legislatures for the purpose of urging that State and local governments assume greater responsibility for the economic and civic preparedness of those reservation Indians now woefully unable to earn a living in new surroundings, and for adequate edu-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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(For Department Staff Only)

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HIGHLIGHTS: Senate passed USDA appropriation bill. Upon reconsideration, Senate again passed bill authorizing additional acreage allotments for freeze areas, etc. Senate committee voted to report trade agreements bill. Senate committee voted to report bill to increase travel allowances. House committee ordered reported bill for Federal cooperation in non-Federal reclamation projects. Rep. Hagen objected to request that House concur in Senate amendments on bill to increase rice allotments. Sen. Wiley introduced and discussed bill to remove milk trade barriers. Sen. McClellan introduced and discussed bill to establish joint budget committee.

SENATE

AGRICULTURAL APPROPRIATION BILL, 1956. Passed with amendments this bill, H. R. 5329 (pp. 4324-43). Sens. Russell, Hayden, Hill, Robertson, Ellender, Young, McCarthy, and Mundt were appointed Senate conferees (p. 4343). Agreed to all committee amendments, except that the item on research was further amended, by an amendment offered by Sen. Stennis, to provide \$40,000 additional with the intention that it be used for home economics work (pp. 4326-33). Sen. Stennis recommended that the Department establish an advisory committee on home economics research (p. 4331). Rejected, 76-5, an amendment by Sen. Williams to decrease the advance ACP authorization from \$250,000,000 to \$175,000,000 for 1956 (pp. 4333-7, 4340-1). Sen. Mansfield recommended additional funds for ARS for the Milk River mosquito-control program in Mont. (pp. 4338-40). Sen. Humphrey criticized the increase in interest rate on emergency loans (p. 4335). Sens. Young and Williams debated wheat price supports (pp. 4336, 4340-1). Sens. Douglas, Russell, and others discussed the bill to repeal the REA State formula and the possibility of additional REA funds if this bill is not enacted (pp. 4342-3). Sen. Robertson inserted a letter from the Appalachian Apple Service requesting discontinuance of USDA apple-price predictions (p. 4343). Sen. Payne suggested that the Department enlist State support of the gypsy moth control program (pp. 4324-6).

2. ACREAGE ALLOTMENTS. Upon reconsideration (requested by Sen. Williams), again

passed as reported S. 1628, to authorize additional acreage allotments for farmers whose crops are destroyed or damaged by freeze, hail, etc. (pp. 4343-7).

3. REORGANIZATION. Passed without amendment S. 1763, to extend the termination date of the Hoover Commission through June 30, 1955 (pp. 4337-8).
4. FORESTRY. The Interior and Insular Affairs Committee voted to report without amendment S. 52, to amend the act to protect scenic values in the Coconino National Forest, Ariz. (p. D334).
5. SUGAR. Sen. Magnuson submitted amendments which he intends to propose to S. 1635, to extend the Sugar Act of 1948 and increase the mainland quotas (p. 4312).
6. TRADE AGREEMENTS. The Finance Committee ordered favorably reported with amendments H. R. 1, to extend the authority of the President to enter into trade agreements. The "Daily Digest" states that the following major amendments were adopted: As a substitute for all amendments relating to commodities, an amendment authorizing the President to take such action as he deems necessary to adjust imports of any article, if such article is being imported in such quantities as to threaten the national security; and an amendment to strengthen the escape-clause provisions of the law. (p. D334.)
7. RECLAMATION; LANDS. The Interior and Insular Affairs Committee ordered favorably reported with amendments S. 300, authorizing the construction, operation, and maintenance of the Fryingpan-Arkansas project, Colo. (major amendment would reduce repayment provisions from 70 to 60 years due to downward revision in estimated construction costs); S. 265, to amend acts authorizing agricultural entries under nonmineral land laws of certain mineral lands so as to increase limitation on desert entries made under such acts to 320 acres; and without amendment S. 748, to prohibit the U. S. from acquiring mineral interests in lands acquired by it except when necessary to serve the purpose for which such lands are acquired (p. D334).
8. TRAVEL. The Post Office and Civil Service Committee ordered favorably reported without amendment S. 1580, to increase the maximum per diem and subsistence allowance of Federal employees from \$9 to \$13 per day, and the maximum auto allowance from 7 to 10 cents per mile (p. D335).
9. RECESSED until Thurs., Apr. 28 (p. 4349).

HOUSE

10. RICE ALLOTMENTS. Rep. Hagen objected to a motion to concur in Senate amendments to H. R. 4647, to increase rice acreage allotments, and stated that the bill as passed by the Senate makes special provision for one and possibly two States, at the disadvantage of the rest of the rice-growing States (pp. 4371-2).
11. FARM LOANS. The Veterans' Affairs Committee reported without amendment H. R. 5715, to extend the authority of the Veterans' Administration to continue through June 30, 1956, to make direct loans to veterans, and to authorize \$150,000,000 therefor (H. Rept. 447) (p. 4374). The Committee was authorized to file the report by midnight, Apr. 26 (p. 4370).

Digest of CONGRESSIONAL PROCEEDINGS

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HIGHLIGHTS; Senate received President's message on low-income farmers, Sen. Aiken and others commended it, and Sen. Humphrey criticized it. Senate committee reported trade agreements bill and Senate made bill its unfinished business. Senate subcommittee ordered reported Interior Department and related agencies appropriation bill. Sen. Neuberger spoke in favor of his bill to provide wheat marketing certificate plan. Senate passed measure for USDA study of tobacco quotas. House announced plan to debate price support bill Tues. and Wed. with final action to be on Wed.

SENATE

1. LOW-INCOME FARMERS. Received the President's message recommending program to aid low-income farmers; to Agriculture and Forestry Committee (p. 4409).
Sens. Aiken and others commended "this vital project," and Sen. Aiken stated, "Our goal...should be complete victory over rural poverty" and it should take little legislation and money to implement the proposed program (pp. 4441-2).
Sens. Humphrey and Sparkman criticized the recommendations in the President's message, stating that "it is entirely too little" and "comes rather late" (pp. 4448-53).
2. INTERIOR DEPARTMENT AND RELATED AGENCIES APPROPRIATIONS FOR 1956. The Appropriations Interior Subcommittee ordered favorably reported with amendments this bill, H. R. 5085 (p. D349).
3. TRADE AGREEMENTS. The Finance Committee reported with amendments H. R. 1, to extend the authority of the President to enter into trade agreements (S. Rept. 232) (p. 4416); and this bill was made the unfinished business (p. 4443).
4. TOBACCO. Passed without amendment S. J. Res. 60, directing the Secretary of Agriculture, not later than July 1, 1955, to submit to Congress a report on

the feasibility, cost, etc., of various types of burley tobacco controls (p. 4442).

5. WHEAT. Sen. Neuberger spoke in favor of his bill, S. 1770, to provide for a wheat marketing certificate plan; and stated, "In recent months the deepening agricultural crisis has increasingly occupied the attention of many Members of the Congress" (pp. 4445-7).
6. PERSONNEL. Passed without amendment S. 1094, to remove the limitation on the amount of appropriations which may be used by Federal agencies for uniform allowances; and Sen. Johnston inserted his statement on this bill (p. 4433).
7. RECLAMATION; FORESTS. The Interior and Insular Affairs Committee reported with amendments S. 300, to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colo.; (S. Rept. 233); and without amendment S. 52, to amend the act to protect scenic values in the Coconino National Forest, Ariz. (S. Rept. 249) (p. 4415).
8. FARM LOANS. The Banking and Currency Committee reported with amendments S. 654, to extend the direct-loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to correspond to the expiration dates provided for guaranteed loans under such title (S. Rept. 243) (p. 4416).
9. LANDS. The Interior and Insular Affairs Committee reported without amendment S. 748, to prohibit the U. S. from acquiring mineral interests in lands acquired by it except when necessary to serve the purpose for which such lands are acquired (S. Rept. 247) (p. 4415); and with amendments S. 265, to amend the acts authorizing agricultural entries under the nonmineral land laws of certain mineral lands in order to increase the limitation with respect to desert entries made under such acts to 320 acres (S. Rept. 251) (p. 4415).
10. LAND TRANSFER. Passed without amendment H. J. Res. 107, to permit Federal release of reversionary rights to certain former FHA land to the Vineland School District, Kern County, Calif. (pp. 4433, 4442). This measure will now be sent to the President.
11. PATENTS. The Rules and Administration ^{/Committee} reported with amendment S. Res. 92, providing funds for an examination and review of the administration of the Patent Office and of the statutes relating to patents, trade-marks, and copy-
rights (S. Rept. 239) (p. 4415).
12. WAR-RISK INSURANCE. The Interstate and Foreign Commerce Committee reported with amendments S. 741, to amend title XII of the Merchant Marine Act, 1936, relating to war-risk insurance, in order to repeal the provision which would terminate authority to provide insurance under such title (S. Rept. 244) (p. 4415).
19. FOREIGN AID. Sen. Humphrey discussed U. S. foreign policy, urged the creation of an international food and fiber reserve, and expansion of the technical-assistance program (pp. 4453-9).
20. SUGAR. The amendment intended to be proposed by Sen. Magnuson (see Digest #68) to S. 1653, to extend the Sugar Act of 1948 and increase the mainland quotas, would authorize and direct USDA to set aside out of increases in domestic beet sugar quotas a reasonable amount to be used as a reserve for farms on

TRADE AGREEMENTS EXTENSION ACT OF 1955

APRIL 28 (legislative day, APRIL 25), 1955.—Ordered to be printed

Mr. BYRD, from the Committee on Finance, submitted the following

REPORT

Together with

MINORITY VIEWS

[To accompany H. R. 1]

The Committee on Finance, to whom was referred the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

H. R. 1 continues for 3 years the trade agreements program initiated in 1934. During the 20 years of its operation United States trade and the trade of the nations with which we have made agreements has expanded and international commercial relations have greatly improved.

The United States has an ever-growing surplus of the products of our farms and factories which must find markets abroad. Other nations need and desire our exports and are eager to negotiate for mutually lower restrictions on trade. The importance of the trade agreements program as a factor for expanded world trade has come to be accepted by the leading free nations of the world.

The President in his speech of April 25, 1955, emphasized the importance of foreign trade to the economy of the United States:

Trade expands markets for the increased output of our mines, our farms and our factories. In return we obtain essential raw materials and needed products of the farms and factories of others. Likewise, the markets provided here for the products of other free world countries enable them to acquire from us capital equipment and consumer goods essential to their economic development and higher living standards.

American agriculture sells abroad from one-fourth to one-third of major crops such as wheat, cotton, and tobacco. Without these export markets there can be, under current conditions, no enduring prosperity for the American farmer.

American factories and labor likewise have an important stake in foreign trade. Last year this country sold over \$9 billion of industrial products abroad. Over 3 million workers—American workers—are directly dependent on exports for their jobs. Jungles the world round are being tamed today by American bulldozers; new mines are being opened by our drills and equipment; fields that have been cultivated by hand for centuries are yielding new harvests to our agricultural machines; our automobiles, trucks and buses are found wherever there are roads; and new industries to employ the teeming millions within the underdeveloped nations are being equipped with our machine tools.

The committee recognizes the need for a planned and well-organized program so that trade expansion can be obtained without serious injury to any segment of our economy. The President also recognized this need in his speech when he said:

The expansion of our foreign trade should proceed on an orderly basis. Reductions in tariffs and other trade barriers, both here and abroad, must be gradual, selective and reciprocal. Changes which would result in the threat of serious injury to industry or general reduction in employment would not strengthen the economy of this country or the free world. The trade measures that I have recommended to the Congress were prepared in recognition of these facts.

The bill as reported by the committee continues the trade agreements program and strengthens the safeguards against serious injury to the country's economy.

SUMMARY

H. R. 1 continues to June 30, 1958, the authority of the President to enter into trade agreements. The present authority (extended by Public Law 464, 83d Cong.) terminates on June 12, 1955. In addition to the extension of the trade-agreements authority, the principal features of H. R. 1 as reported by the committee are as follows:

1. The President would be authorized to negotiate tariff reductions by either of two alternative methods, which may not be used cumulatively.

(a) The first method authorizes the President to reduce, by a total of 15 percent, tariff rates existing on January 1, 1955, in stages of not more than 5 percent of such rates in each of the 3 years of the authority;

(b) As an alternative the President is authorized to reduce those rates which are higher than 50 percent of the value of an import to a rate not less than 50 percent, in stages of not more than one-third of the reduction in any one year.

The committee desires to emphasize that this authority is subject to all requirements of existing law for full public notice (including a list of products on which concessions might be made by the United States), public hearings, peril-point determinations, and escape-clause procedures (as modified by the committee).

2. In the case of the proposal for a trade agreement announced on November 16, 1954, the bill authorizes the same decreases in rates of duty as are authorized by existing law (50 percent of the rate existing on January 1, 1945), even though the agreement is signed after June 12, 1955.

3. The peril-point and escape-clause sections of the law were amended to make more specific the definition of what constitutes an industry. The escape clause was further amended to make more specific the extent to which imports must affect an industry before injury can be determined.

4. The President is given authority to adjust imports whenever he finds, after investigation, that an article is being imported, in such quantities as to threaten to impair the national security.

5. The President would be required to submit to Congress an annual report on the operation of the trade agreements program. The bill, as reported, would require the Tariff Commission to continue to make the report on the program now being made under Executive order.

6. Reports of the Tariff Commission containing recommendations for escape-clause action are required to be made public upon submission to the President.

AMENDMENTS TO HOUSE BILL

H. R. 1 as passed by the House was amended by the committee as follows:

(1) The House bill specified certain types of general provisions which may be included in a trade agreement and provided that no such provision should be given effect in a manner inconsistent with existing legislation of the United States. The committee deleted this language. The committee also changed the bill so as to make clear that its enactment should not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade (GATT). These changes bring the language of the bill into conformity with that used in prior extensions, and do not change the authority contained in existing law. They were made in the light of the fact that there is a pending House bill (H. R. 5550) authorizing United States membership in the Organization for Trade Cooperation which would administer the General Agreement on Tariffs and Trade.

(2) As passed by the House, the bill provided that rates of duty existing on July 1, 1955, could be reduced by 15 percent. This date has now been changed to January 1, 1955. Thus, the new 15-percent authority would not be applicable in the case of any product whose duty is reduced by 15-percent or more in the negotiations presently going on in Geneva. These negotiations are concerned with a wide range of commodities. Appropriate revisions were made in other sections of the bill to reflect this change in the base date for the 15-percent authority.

(3) The authority to reduce duties by 50-percent of their January 1, 1945, level in the case of articles normally not imported or normally imported in negligible quantities was deleted.

(4) The committee deleted those portions of the bill which authorized the President to round out rates of duty to an extent not exceeding one-half of 1 percent ad valorem, in making changes in rates.

(5) Also deleted was the provision in the House bill providing that the President should avoid to the extent practicable the subdivision of classification categories.

(6) The committee added a provision requiring the Tariff Commission to submit a factual report to the Congress at least yearly on the operation of the trade agreements program.

(7) The committee also added a provision requiring the Tariff Commission to make public immediately, upon transmission to the President, its findings and recommendations in escape-clause proceedings, including any dissenting or separate findings, and to cause a summary to be published in the Federal Register.

(8) The committee added provisions to the House bill relating to the determination of injury for the purpose of escape-clause action and defining "domestic industry" for peril-point determinations and escape-clause cases.

(9) The committee had before it several proposals dealing with specific commodities, namely petroleum, fluorspar, lead, and zinc. In lieu of specific action on each of these the committee adopted an amendment which specifies that the Director of the Office of Defense Mobilization shall report to the President when he has reason to believe that imports of a commodity are entering the United States in such quantities as to threaten to impair the national security; that the President shall cause an immediate investigation to be made if he feels there is reason for such belief; and that the President, if he finds a threat to the national security exists, shall take whatever action is necessary to adjust imports to a level that will not threaten to impair the national security.

The committee believes that this amendment will provide a means for assistance to the various national defense industries which would have been affected by the individual amendments presented.

The White House issued on February 26, 1955, a report based on a study by the President's Advisory Committee on Energy Supplies and Resources Policy which indicates the importance of a strong domestic petroleum industry. That report states with regard to crude oil imports and residual fuel oil imports:

An expanding domestic oil industry, plus a healthy oil industry in friendly countries which help to supply the United States market, constitute basically important elements in the kind of industrial strength which contributes most to a strong national defense. Other energy industries, especially coal, must also maintain a level of operation which will make possible rapid expansion in output should that become necessary. In this complex picture both domestic production and imports have important parts to play; neither should be sacrificed to the other.

Since World War II importation of crude oil and residual fuel oil into the United States has increased substantially, with the result that today these oils supply a significant part of the United States market for fuels.

The committee believes that if the imports of crude and residual oils should exceed significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense. There would be an inadequate incentive for exploration and the discovery of new sources of supply.

In view of the foregoing, the committee concludes that in the interest of national defense imports should be kept in the balance recommended above. It is highly desirable that this be done by voluntary, individual action of those who are importing or those who become importers of crude or residual oil. The committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention.

The committee recommends, however, that if in the future the imports of crude oil and residual fuel oils exceed significantly the respective proportions that such imported oils bore to domestic production of crude oil in 1954, appropriate action should be taken.

The committee recommends further that the desirable proportionate relationships between imports and domestic production be reviewed from time to time in the light of industrial expansion and changing economic and national-defense requirements.

In arriving at these conclusions and recommendations, the committee has taken into consideration the importance to the economies of friendly countries of their oil exports to the United States as well as the importance to the United States of the accessibility of foreign oil supplies both in peace and war.

Although no similar study is presently available for fluorspar or lead and zinc the committee feels that the Director of Defense Mobilization will be cognizant of the serious situation existing in those industries.

Congress can initiate and adopt such legislation as it might deem advisable should the action needed to protect these essential industries not be taken.

One commodity amendment would have changed the tariff classification of hardboard, a commodity which would not be covered by the amendment noted above. The committee, without in any way prejudicing the hardboard amendment did not vote on it because it concerns a matter of tariff classification and might better be taken up separately or in conjunction with some more closely related legislation. The merits of the hardboard amendment were therefore not voted upon.

An amendment was offered by Senator Smathers which would require the State Department to take positive action to protect exports of agricultural products from discriminatory practices engaged in by countries with which the United States has entered into reciprocal trade agreements. The amendment was withdrawn when it was agreed by the committee that it would be more appropriate for a statement to be made in the report expressing the wish of the committee that responsible officials in the executive branch of the Government make a full investigation and take appropriate action.

CHANGES IN EXISTING LAW

H. R. 1, as amended, changes existing law in the following respects:

(1) It extends the period during which the President is authorized to enter into trade agreements from June 12, 1955, until the close of June 30, 1958.

(2) The bill provides for changes in the existing limits on the President's authority to change rates of duty as shown in the following table:

LIMITS ON PRESIDENT'S AUTHORITY TO CHANGE RATES OF DUTY

UNDER PRESENT LAW

1. Duties may be increased by up to 50 percent of the duty existing on January 1, 1945.

2. No transfers of articles may be made between the dutiable and free lists.

3. Any rate may be decreased by up to 50 percent of the duty in existence on January 1, 1945.

4. Not in existing law.

5. Not in existing law.

UNDER H. R. 1 AS REPORTED BY FINANCE COMMITTEE

1. No change.

2. No change.

3. This authority expires on June 12, 1955, except that under H. R. 1 it may be used in order to give effect to the results of the negotiations, notice of which was published on November 16, 1954.

4. Authority to reduce rates existing on January 1, 1955, by 15 percent over the 3-year period of the bill (reductions of no more than 5 percent of the January 1, 1955, rate may be made in any one year).

5. Authority to reduce rates above 50 percent ad valorem down to 50 percent ad valorem (no more than one-third of any such decrease of over 15 percent may be made in any one year).

No part of the authorized 15 percent decrease in duty may become initially effective after June 30, 1958. However, if any part of the decrease has become effective and then the decrease is suspended for a period because of an escape-clause action, the period of time the decrease is not in effect is to be excluded in determining when the 3-year period expires.

(3) Under existing law the President "may" suspend the application of concession rates to the products of countries that discriminate against American commerce or engage in other conduct tending to defeat the purpose of section 350. The bill as reported provides that the President "shall as soon as practicable" suspend such application in like circumstances.

(4) Under the bill as reported the President is required to submit to Congress an annual report on the trade-agreements program. The report is to contain among other things information on modifications of trade agreements including a report on the inclusion of escape clauses in existing agreements and information relating to agreements entered into. An additional amendment removes the existing requirement that the President report semiannually regarding action taken to incorporate escape clauses into existing agreements.

(5) The annual report to the Congress by the Tariff Commission on the operation of the trade-agreements program now required by Executive order is, under the bill, made a statutory requirement.

(6) The existing escape-clause procedure has been amended to require the Tariff Commission to immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations.

(7) The escape-clause procedure is further amended to require that in the determination of serious injury "increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the (Tariff) Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry."

(8) Under existing law there is no definition of what constitutes a domestic industry for the purpose of peril-point determinations and escape-clause procedure. The bill as reported in effect defines a domestic industry to mean "that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles." It is also provided that where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, "distinguish or separate the respective operations of such business enterprise for the purpose of determining injury."

(9) The law has been amended to give the President authority to take such action as he deems necessary to adjust the imports of any article to a level that will not threaten to impair the national security. Such action may be taken only after the completion of a factual investigation. Responsibility for advising the President when there is reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security is vested in the Director of the Office of Defense Mobilization.

TECHNICAL ANALYSIS OF H. R. 1 AS REPORTED

The first section of the bill provides that the bill when enacted may be cited as the Trade Agreements Extension Act of 1955.

Section 2: This section extends the period during which the President is authorized to enter into foreign trade agreements for an additional period, from June 12, 1955, through June 30, 1958.

Section 3: This section amends section 350 of the Tariff Act of 1930, as amended, which contains the basic authority to enter into and carry out trade agreements.

Subsection (a) of section 350, containing five numbered paragraphs, is set forth in the bill in its proposed amended form.

Paragraph (1) of subsection (a) sets forth the purpose for which the President may enter into trade agreements. The text preceding subparagraph (A) repeats existing law.

Subparagraph (A) of paragraph (1) authorizes the President to enter into foreign trade agreements with foreign governments or instrumentalities thereof.

Subparagraph (A) of paragraph (1), as amended by the committee, contains a proviso, stating that the enactment of this bill shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

Subparagraph (A) makes no change in existing law.

Subparagraph (B) of paragraph (1), authorizing the carrying out of trade agreements by proclamation, makes no change in existing law. The authority to carry out trade agreements by proclamation is no broader (and no narrower) than under existing law (the terms of which are identical with the terms of subparagraph (B)).

Paragraph (2) of subsection (a) is divided into subparagraphs (A), (B), (C), and (D).

Subparagraph (A) continues unchanged the present prohibition against increasing any rate of duty to a rate more than 50 percent above the rate existing on January 1, 1945.

Subparagraph (B) continues unchanged the present prohibition against imposing a duty on a duty-free article or exempting from duty a dutiable article.

Subparagraph (C) continues unchanged (with respect to trade agreements entered into before June 12, 1955) the present prohibition against decreasing any rate of duty to a rate lower than 50 percent below the rate existing on January 1, 1945. As noted above, a committee amendment to this subparagraph continues this authority with respect to the negotiations involving Japan now going on in Geneva, notice of which was published on November 16, 1954.

Subparagraph (D) fixes maximum limits on decreases in rates which may be made to carry out trade agreements entered into on or after June 12, 1955. A rate of duty may be reduced under two alternative methods which are set out in clauses (i) and (ii). These alternatives are not cumulative but the President may decrease a rate to the lowest of the rates resulting from application of either of the alternative methods.

Clause (i) authorizes decreases in any rate to 15 percent below the rate existing on January 1, 1955 (that is, to a rate which is 85 percent of the rate existing on January 1, 1955).

Clause (ii) authorizes decreases in rates of duty which are higher than 50 percent ad valorem (or equivalent) to 50 percent ad valorem (or equivalent). In the case of articles subject in whole or in part to a specific rate of duty (i. e., 5 cents per pound, or 5 cents per pound plus 20 percent ad valorem), the determination of whether a rate of duty is higher than 50 percent ad valorem, and the determination of a rate equivalent to the 50-percent ad valorem rate to which it may be reduced, will be made by the President on the basis of the value of imports of such products during a period which he finds is representative. In making such determination, the President is to be guided, to the maximum extent practicable, by the standards of valuation for customs purposes contained in section 402 of the Tariff Act of 1930, as the provisions of that section exist during the representative period. The reference to the standards of valuation contained in section 402 of the Tariff Act of 1930 is to make it clear that no action may be taken under the second sentence of this clause which would result in any change in existing rules for determining the basis on which any ad valorem rate of duty is to be assessed. For example, if a rate of 50 percent ad valorem is established pursuant to such second sentence with respect to an article subject to a rate of duty any part of which may be based on American selling price (as defined in sec. 402 (g) of the Tariff Act of 1930), the new rate would be subject to application on the basis of American selling price in the same manner as the ad valorem rate is applied under existing law.

Paragraph (3) of subsection (a), divided into subparagraphs (A), (B), and (C) establishes procedures for giving effect gradually (at intervals of at least a year) to decreases (under the two alternatives in paragraph (2) (D)) in rates made pursuant to agreements entered into on or after June 12, 1955.

Subparagraph (A), except as limited by subparagraphs (B) and (C) of paragraph (3), continues in substance the provision of existing law that the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation.

Subparagraph (B) fixes the time limits within which the decreases in rates authorized by subparagraph (D) of paragraph (2) described above may be made effective. These time limits are as follows: A decrease of no more than 5 percent of the rate existing on January 1, 1955, may become initially effective at one time if the total amount of the decrease is 15 percent or less. If the total amount of the decrease is greater than 15 percent, no more than one-third of the decrease may become initially effective at one time. In the case of either of the two alternatives, no part of the decrease after the first part can become initially effective until the immediately previous part has been in effect for at least 1 year.

Subparagraph (C) provides that (subject to an exception stated in the second sentence of the subparagraph as explained below) no decreases under the first alternative method (the 15-percent decrease authority) may be made effective after the expiration of the 3-year period which begins on July 1, 1955 (that is, after June 30, 1958). The result of this limitation, when applied with the 1-year requirement for each decrease, is that the full 15-percent decrease under the first alternative cannot be made unless the first 5-percent decrease takes effect before July 1, 1956. Subparagraph (C) does not apply to the alternative (the authority to reduce a rate to 50 percent ad

valorem). The exception to the June 30, 1958, deadline in the case of the first alternative method (the 15-percent decrease authority) relates to the situation where, by reason of legislation of the United States or action thereunder, a decrease which had been made by virtue of the exercise of that authority and given effect, and which was thereafter nullified, could be reapplied (and its successive stages, if any, applied), even though the 3-year period extended beyond June 30, 1958. The following illustrates the application of subparagraph (C) in a case where the first decrease takes effect before July 1, 1956:

(1) Assume the following:

(A) The first 5-percent decrease takes effect on April 15, 1956, and remains in effect until the close of November 30, 1956 (a total of 230 days).

(B) On December 1, 1956, the reduced duty is increased as a consequence of an escape-clause action.

(C) The duty resulting as a consequence of the escape-clause action remains in effect through May 31, 1957 (a total of 182 days).

(D) On June 1, 1957, the decreased rate is restored.

(2) Under the facts stated in paragraph (1) above, the 5-percent decrease will not have been in effect for a total period of 1 year until the close of October 13, 1957. Thus, if the second decrease is to become effective it must become effective no earlier than October 14, 1957, and no later than December 29, 1958 (182 days after June 30, 1958). In order to permit the third decrease to become effective, the second decrease must become effective on or before December 29, 1957.

(3) If the second decrease takes effect on October 14, 1957, and remains in effect for 1 year through October 13, 1958, then the third decrease could take effect at any time on or after October 14, 1958, and before December 30, 1958.

Paragraph (4) of subsection (a) provides that trade-agreement concessions shall apply to imports of the goods of all countries, except that the President shall, as soon as practicable, suspend the application of these rates to the products of countries which discriminate against American commerce or engage in other conduct tending to defeat the purpose of section 350. As under existing law, this provision is subject to section 5 of the Trade Agreements Extension Act of 1951, which requires the President to withdraw benefits of trade-agreement concessions to imports from U. S. S. R. and from any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

Paragraph (5) of subsection (a) authorizes the President to terminate at any time, in whole or in part, any proclamation made pursuant to section 350. This continues a provision of existing law; it has been moved to this separate paragraph solely for reasons of clarity.

Subsection (b) of section 3 of the bill amends existing law to make applicable to products of Cuba the new limits of authority to reduce tariffs. In effect, this would permit maintenance of existing margins of preference with respect to such products.

Subsection (c) of section 3 makes necessary technical amendments to subsection (c) of section 350 to conform with substantive changes in other parts of the bill. It is made clear that the limitations on

increases or decreases in duty relate to rates of duty other than rates of duty which apply to products only by reason of action taken under section 5 of the Trade Agreements Extension Act of 1951.

Subsection (d) of section 3 adds a new subsection (e) to section 350.

Paragraph (1) requires the President to submit to Congress annually a report on the trade-agreements program as recommended by the Commission on Foreign Economic Policy. The report is to contain, among other things, information on modifications of trade agreements, including a report on the incorporation of escape clauses in existing agreements, and information relating to agreements entered into.

Paragraph (2) requires the Tariff Commission to keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements and to submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program. This will require by law the report of the Tariff Commission heretofore made pursuant to Executive order.

Section 4: This section deletes the requirements now in section 6 (b) of the Trade Agreements Extension Act of 1951 that the President report semiannually regarding action taken to incorporate escape clauses into existing agreements. New developments on this score would be covered by the annual report of the President provided for in the new section 350 (e) described above.

Section 5: This section amends the last sentence of subsection (a) of section 7 of the Trade Agreements Extension Act of 1951 to require the Tariff Commission, in escape clause actions, to make public immediately its findings and recommendations to the President, including dissenting or separate findings, and to cause a summary of the findings to be published in the Federal Register.

Section 6: This section, added by the committee, amends the escape clause procedure and peril point provisions of the existing law.

Subsection (a) amends subsection (b) of section (7) of the Trade Agreements Extension Act of 1951, containing the criteria for arriving at a determination in escape clause proceedings, by providing that increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

Subsection (b) adds a new subsection (e) to section 7 defining (for the purpose of the peril point and escape clause provisions) the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" to mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. It is further provided that where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury.

Section 7: This section, also added by the committee, amends section 2 of the act of July 1, 1954 (the 1954 Extension Act) by adding a new subsection as follows:

(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SECTION 350 OF THE TARIFF ACT OF 1930

SEC. 350. (a) (1) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce), by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

[(1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

[(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 per centum any rate of duty, however established, existing on January 1, 1945 (even though temporarily suspended by Act of Congress), or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly, or indirectly: *Provided*, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purposes set forth in this section: and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part.]

(A) *To enter into foreign trade agreements with foreign governments or instrumentalities thereof: Provided, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.*

(B) *To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for*

such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign-trade agreement that the President has entered into hereunder.

(2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made—

(A) Increasing by more than 50 per centum any rate of duty existing on January 1, 1945.

(B) Transferring any article between the dutiable and free lists.

(C) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, or with respect to which notice of intention to negotiate was published in the Federal Register on November 16, 1954, decreasing by more than 50 per centum any rate of duty existing on January 1, 1945.

(D) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, decreasing (except as provided in subparagraph (C) of this paragraph) any rate of duty below the lowest of the following rates:

(i) The rate 15 per centum below the rate existing on January 1, 1955.

(ii) In the case of any article subject to an ad valorem rate of duty above 50 per centum (or a combination of ad valorem rates aggregating more than 50 per centum), the rate 50 per centum ad valorem (or a combination of ad valorem rates aggregating 50 per centum). In the case of any article subject to a specific rate of duty (or a combination of rates including a specific rate) the ad valorem equivalent of which has been determined by the President to have been above 50 per centum during a period determined by the President to be a representative period, the rate 50 per centum ad valorem or the rate (or a combination of rates), however stated, the ad valorem equivalent of which the President determines would have been 50 per centum during such period. The standards of valuation contained in section 402 of this Act (as in effect during the representative period) shall be utilized by the President, to the maximum extent he finds such utilization practicable, in making the determinations under the preceding sentence.

(3) (A) Subject to the provisions of subparagraphs (B) and (C) of this paragraph, the provisions of any proclamation made under paragraph (1) (B) of this subsection, and the provisions of any proclamation of suspension under paragraph (4) of this subsection, shall be in effect from and after such time as is specified in the proclamation.

(B) In the case of any decrease in duty to which paragraph (2) (D) of this subsection applies—

(i) if the total amount of the decrease under the foreign trade agreement does not exceed 15 per centum of the rate existing on January 1, 1955, the amount of decrease becoming initially effective at one time shall not exceed 5 per centum of the rate existing on January 1, 1955;

(ii) except as provided in clause (i), not more than one-third of the total amount of the decrease under the foreign trade agreement shall become initially effective at one time; and

(iii) no part of the decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year.

(C) No part of any decrease in duty to which the alternative specified in paragraph

(2) (D) (i) of this subsection applies shall become initially effective after the expiration of the three-year period which begins on July 1, 1955. If any part of such decrease has become effective, then for purposes of this subparagraph any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

(4) Subject to the provisions of section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362), duties and other import restrictions proclaimed pursuant to this section shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly: Provided, That the President shall, as soon as practicable, suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purpose of this section.

(5) The President may at any time terminate, in whole or in part, any proclamation made pursuant to this section.

(b) Nothing in this section shall be construed to prevent the application, with respect to rates of duty established under this section pursuant to agreements with countries other than Cuba, of the provisions of the treaty of commercial reciprocity concluded between the United States and the Republic of Cuba on

December 11, 1902, or to preclude giving effect to an exclusive agreement with Cuba concluded under this section, modifying the existing preferential customs treatment of any article the growth, produce, or manufacture of Cuba. Nothing in this Act shall be construed to preclude the application to any product of Cuba (including products preferentially free of duty) of a rate of duty not higher than the rate applicable to the like products of other foreign countries (except the Philippines), whether or not the application of such rate involves any preferential customs treatment. No rate of duty on products of Cuba [shall in any case be decreased by more than 50 per centum of the rate of duty, however established, existing on January 1, 1945 (even though temporarily suspended by Act of Congress)] shall be decreased—

(1) *In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, by more than 50 per centum of the rate of duty existing on January 1, 1945, with respect to products of Cuba.*

(2) *In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) (C) or (D) (subject to the provisions of subsection (a) (3) (B) and (C)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) (ii) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled.*

(c) (1) As used in this section, the term “duties and other import restrictions” includes [(1)] (A) rate and form of import duties and classification of articles, and [(2)] (B) limitations, prohibitions, charges, and exactions other than duties, imposed on importation or imposed for the regulation of imports.

(2) *For purposes of this section—*

(A) *Except as provided in subsection (d), the terms “existing on January 1, 1945” and “existing on January 1, 1955” refer to rates of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on the date specified, except rates in effect by reason of action taken pursuant to section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362).*

(B) *The term “existing” without the specification of any date, when used with respect to any matter relating to the conclusion of, or proclamation to carry out, a foreign trade agreement, means existing on the day on which that trade agreement is entered into.*

(d) (1) When any rate of duty has been increased or decreased for the duration of war or an emergency, by agreement or otherwise, any further increase or decrease shall be computed upon the basis of the postwar or postemergency rate carried in such agreement or otherwise.

(2) Where under a foreign trade agreement the United States has reserved the unqualified right to withdraw or modify, after the termination of war or an emergency, a rate on a specific commodity, the rate on such commodity to be considered as “existing on January 1, 1945” for the purpose of this section shall be the rate which would have existed if the agreement had not been entered into.

(3) No proclamation shall be made pursuant to this section for the purpose of carrying out any foreign trade agreement the proclamation with respect to which has been terminated in whole by the President prior to the date this subsection is enacted.

(e) (1) *The President shall submit to the Congress an annual report on the operation of the trade agreements program, including information regarding new negotiations, modifications made in duties and import restrictions of the United States, reciprocal concessions obtained, modifications of existing trade agreements in order to effectuate more fully the purposes of the trade agreements legislation (including the incorporation therein of escape clauses), and other information relating to that program and to the agreements entered into thereunder.*

(2) *The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President under the authority of this section. The Tariff Commission, at least once a year, shall submit to the Congress a factual report on the operation of the trade-agreements program.*

SECTION 6 OF THE TRADE AGREEMENTS EXTENSION ACT OF 1951

SEC. 6. (a) No reduction in any rate of duty, or binding of any existing customs or excise treatment, or other concession hereafter proclaimed under section 350 of the Tariff Act of 1930, as amended, shall be permitted to continue in effect when the product on which the concession has been granted is, as a result in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

(b) The President, as soon as practicable, shall take such action as may be necessary to bring trade agreements heretofore entered into under section 350 of the Tariff Act of 1930, as amended, into conformity with the policy established in subsection (a) of this section.

【On or before January 10, 1952, and every six months thereafter, the President shall report to the Congress on the action taken by him under this subsection.】

SECTION 7 OF THE TRADE AGREEMENTS EXTENSION ACT OF 1951

SEC. 7. (a) * * * 【Within sixty days, or sooner if the President has taken action under subsection (c) of this section, the Tariff Commission shall transmit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives an exact copy of its report and recommendations to the President.】 *The Tariff Commission shall immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and shall cause a summary thereof to be published in the Federal Register.*

(b) In arriving at a determination in the foregoing procedure the Tariff Commission, without excluding other factors, shall take into consideration a downward trend of production, employment, prices, profits, or wages in the domestic industry concerned, or a decline in sales, an increase in imports, either actual or relative to domestic production, a higher or growing inventory, or a decline in the proportion of the domestic market supplied by domestic producers. *Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.*

* * * * *

(e) *As used in this Act, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. Where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury.*

ACT OF JULY 1, 1954 (19 U. S. C., SEC. 1352a)

SEC. 2. (a) No action shall be taken pursuant to such section 350 to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements.

(b) *In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.*

INDIVIDUAL VIEWS OF SENATOR GEORGE W. MALONE, OF NEVADA, IN OPPOSITION TO H. R. 1

I oppose H. R. 1 for the following reasons:

1. H. R. 1 broadens and extends an act wrong in principle, disastrous in its effects, and adverse to the national interest, economy, security, and independence.

2. H. R. 1 continues a program which denies to American citizens rights and representation guaranteed them under the Constitution in matters of foreign trade and commerce, and which makes the resources and skills of millions of Americans pawns of international political manipulation.

3. H. R. 1 reaffirms a policy which denies American producers equal access with foreign producers to our own American markets, fosters gross discrimination against important segments of our national life, creates unemployment, and jeopardizes industries, jobs, and investments.

4. H. R. 1 proposes to chain the United States for 3 more years to a global authority, the General Agreement on Tariffs and Trade, or GATT, in which our markets are bartered away in secret on foreign soil by diplomatic underlings of the State Department to the advantage of foreign nations.

5. H. R. 1 is unsound, unfair, uneconomic and incompatible with article I, section 8, of the Constitution of the United States of America.

6. H. R. 1 reenacts the 1934 Trade Agreements Act which has failed in all of its stated objectives during the 21 years of its existence.

7. H. R. 1 perpetuates a plan conceived by a prior administration seeking power over the legislative branch of our Government, and sold to the 73d Congress through irresponsible pledges by the then President that "no sound and important American interest will be injuriously disturbed." Industries not only have been seriously disturbed but severely damaged and partially destroyed. Spokesmen for many of these industries have testified to that effect in hearings on H. R. 1 before the Senate Finance Committee, and have expressed their vigorous opposition to H. R. 1.

8. H. R. 1 repeats the false premise of predecessor acts that the trade-agreements program is "for the purpose of expanding foreign markets for the products of the United States." The program has survived for 21 years only through the artificial trade stimulation of foreign wars, preparations for foreign wars, a continuing war economy induced by threats of further foreign wars; gifts and grants of more than \$100 billion to foreign nations financed by the American taxpayers, and through the susceptibility of the Congress to foreign and domestic propaganda linking our giveaway trade and dollars to fears of new foreign wars.

9. H. R. 1 reauthorizes a trade program geared to a war economy only, and which defeats normal international trade relations in times of peace by making such trade a tool of international politics, placing control over exports in the hands of central governments which include not only republics such as ours but monarchies and dictatorships.

10. H. R. 1, like the original Trade Agreements Act of 1934 and subsequent extension acts, grants to the President authority to enter into future international trade agreements of any type, applicable to any products, and subject only to a blanket percentage limitation. In other words, H. R. 1 bestows on the President a blank check to remake the industrial and economic map of the United States.

11. H. R. 1 requires no referral of trade treaties and agreements to the Congress to which the Constitution, article 1, section 8, confers the total responsibility of laying and collecting duties or tariffs and of regulating our trade and commerce with foreign nations. Nor is ratification by a vote of two-thirds of Senate Members present required, as stipulated in article II, section 2, of the Constitution with respect to treaties. The executive branch has chosen to avoid this obligation by labeling trade treaties "trade agreements."

12. H. R. 1, as did its predecessors, permits the President to transfer the authority delegated to him by the Congress to subordinates. Throughout the life of the act and program the Chief Executive has, to all purposes and effects, so redelegated his authority under the act, principally to subordinates in the State Department.

13. H. R. 1, like its predecessor acts, not only permits the President to transfer his delegated powers to subordinates, but permits these subordinates to transfer their authority to GATT, the General Agreement on Tariffs and Trade, which meets in Geneva, Switzerland. Subordinates of the President have so done since 1947, transferring to, and diluting their authority among, the 34 nations now participating in GATT.

14. H. R. 1 in no way precludes the delegation of authority to the President from being passed on by him to subordinates in the State Department, or in any other agency of the executive branch of his choosing. Nor does it preclude the State Department from continuing to pass on its delegated authority to an international GATT. Thus the ultimate delegation is thrice removed from the Congress, to which the Constitution entrusted responsibility for the regulation of foreign commerce. It is thrice removed by the Congress' own hand.

15. H. R. 1 not only continues this delegation thrice removed but broadens it. Unlike its predecessor extension acts, H. R. 1 grants the President direct authority to commit the United States to GATT, to a revised GATT, or to GATT-type international organizations, as witnesses of broad legal experience have testified before the Senate Finance Committee during hearings on H. R. 1. GATT has never been before the Congress for approval or rejection on its merits, but the back door approach to such sanction is being utilized under subsection A of section 3 of H. R. 1.

16. H. R. 1 employs the word "reciprocal" in relation to so-called "concessions" which it infers other nations may make to the United States. Neither word appears in the original 1934 Trade Agreements Act. Both words are inventions to sugar-coat an act which has never been administered with other than one purpose—to cut tariffs on imports to the United States. Other nations have not reciprocated these tariff cuts. Testimony has been offered in Senate Finance Committee hearings that 32 nations favored by cuts in tariffs on products they export to the United States have increased their own tariffs within a recent period. Of 91 trading countries, 68 require import licenses on American products generally, and 9 others on some products

or a total of 77; and 38 require exchange permits. Ten others link exchange permits to import licenses. Only 10 apply no control regulations at all on imports from the United States.

17. H. R. 1 would authorize further tariff reductions on imports to the United States.

18. H. R. 1 unlike any predecessor act, authorizes the President to commit the United States in a trade agreement with one country in behalf of trade concessions by it to a third country. The object of this device which has no relation to our own foreign exports, is to assist Japan.

19. H. R. 1 proposes that the 84th Congress extend the Trade Agreements Act 3 years beyond the present termination date of June 12, 1955, or for more than a year and a half beyond the life of the present Congress. Foreign situations may well change during this period that will increase the adverse effects of the 1934 Trade Agreements Act on American industries and markets. Yet H. R. 1 would commit the 85th Congress and a possible new administration for a year and a half to an obsolete trade-agreements program, subject only to repeal.

20. H. R. 1 would likewise, to all purpose and effect, commit the next Congress and administration for a similar period to the General Agreement on Tariffs and Trade, or GATT, in which our markets are put on a foreign auction block to the advantage of 33 foreign nations and, as has occurred frequently in the past, to the disadvantage of the United States.

21. H. R. 1, while extending the Trade Agreements Act for 3 years, would require the President to submit to the Congress an annual report on the operation of the program. The value of such a report is vague, considering that Congress already has, in derogation of the Constitution, article 1, section 8, delegated to the President complete authority to regulate foreign commerce. The value of such a report is further diminished in view of the fact that GATT sessions are held in secret and its decisions are at times restricted for periods of more than a year. It should be obvious, therefore, that this provision in H. R. 1 is merely "window dressing" to make a bad bill appear more attractive. Public knowledge of our foreign trade needs and problems can come only when the Trade Agreements Act expires and the United States is freed from its present chains to GATT.

22. H. R. 1, in extending the firm life of GATT, is making a European colony out of the United States with respect to trade and commerce, subject not to a king as in pre-Revolution days, but to the governments of 33 foreign states through their representatives in GATT.

23. H. R. 1, by continuing GATT, jeopardizes the Nation's farm program by subjecting our restrictions on imports of certain agricultural commodities and our price-support system to continual attack and negotiation in an international organization in which the United States has one vote. At the ninth session of GATT, held recently in Geneva, Switzerland, GATT was given assurances by the State Department that it will seek to modify provisions of section 22 of the Agriculture Adjustment Act, imposing import quotas on certain products, as "changing circumstances warrant such modification" and will "promptly" terminate them when "circumstances requiring the action no longer exist." Thus H. R. 1 could be used to negate other

legislation passed by the Congress, such as the Agricultural Adjustment Act.

24. H. R. 1 would entangle the Nation's economy, industry, and trade further in an international web which leaves neither Congress nor its victims, the American producers, any recourse other than the so-called "escape clause," which in turn vests sole final authority in the President. Dying industries may apply for relief under the escape clause, but in all the cases filed to date the Chief Executive has granted relief in only five.

25. H. R. 1 would admittedly injure some American industries, according to the Secretary of State who testified before the Senate Finance Committee on March 15, 1955:

I do not think you can have imports without some damage, and if your rule is that you will not have imports or tariff reductions or sustain them if there is any damage to anybody, then I think it becomes unworkable.

26. H. R. 1 is not a "trade" bill. It is a foreign policy bill. It is a bill to permit the President's subordinates in the State Department to sacrifice industries, jobs and investments in the United States for a presumed advantage to foreign nations if, in the opinion of the State Department, such a sacrifice will implement its foreign policy.

27. H. R. 1 provides the State Department the chips of our domestic economy to use as pawns in its game of international politics. In return for the sacrifice of domestic industries such as coal, textiles, lead, zinc, glassware, and other resources and commodities, the State Department seeks only lip-service good will from nations governed by self-interest. Secretary Dulles' argument for H. R. 1 was on the assumption that it is an instrument of foreign policy and that "international repercussions would be major and their consequences would be grave" if it were tampered with by the Congress, to which sole responsibility for foreign trade regulation is given by the Constitution.

28. H. R. 1 will weaken our defense potential. Further tariff cuts will be authorized on imports of critical and strategic minerals and materials in which this country is self-sufficient. Imports of these materials, many of which are produced in the shadow of the Iron Curtain, will be encouraged, despite the fact that they would be cut off from us completely in time of war. More American mines, vital to our national security but unable to meet low-wage foreign competition, will be closed down and more American miners will be idled. Many of these mines and much of our mining skills will be lost entirely and cannot be restored in time of national emergency.

29. H. R. 1 will compel American workers in manufacturing as well as mining fields to compete for 3 more years in their own American market against foreign products produced at foreign wage rates one-fourth to one-tenth the prevailing wage in the United States for comparable work and skills. Invasion of our markets by the products of this low-wage foreign labor will continue to be actively encouraged by the State Department, intent on encouraging increased competitive imports.

30. H. R. 1 perpetuates in a modified degree the fraud perpetrated by sponsors of the 1934 Trade Agreements Act that it was legislation to benefit "agriculture, industry, mining, and commerce." The act has, instead, worked injury on these segments of our domestic economy. Used as an instrument of foreign policy the program has encouraged and developed foreign agriculture, industry, mining, and

commerce at the expense of our own industries, investors, workingmen, and markets. H. R. 1 extends this wrong.

31. H. R. 1 contains not one word of assurance, hope, or encouragement for the American workingmen or investors in industries producing for the American market. There is not one word guaranteeing any American market or supplier against suffocation by foreign imports. There is not one word in this bill that offers real safeguards from cutrate foreign competition to any American employed in a domestic industry or whose dollars are invested in America. The fact that no assurances in behalf of domestic producers for the domestic market are contained in the bill may explain the many verbal expressions of the administration in this field of discussion. There have been a plethora of verbal assurances, but none of them are embodied in the bill. They are not in the bill because the administration did not want them in the bill and opposes their inclusion.

32. H. R. 1, stripped to its basic purpose, is a bill to cut tariffs on imports at whatever cost to America's welfare, economy, and security.

THE ECONOMIC EFFECTS

The Trade Agreements Act, which H. R. 1 would extend, was sold to the 73d Congress by the then administration "as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic employment and the present economic depression, in increasing the purchasing power of the American public, and in establishing a better relationship among various branches of American agriculture, industry, mining, and commerce." It also was promoted as being "for the purpose of expanding foreign markets for the products of the United States."

Sponsors of H. R. 1 have somewhat modified this extravagant language in the 1934 act. In both instances the State Department has been the chief proponent of the legislation and the original author.

H. R. 1 omits references to unemployment, purchasing power and living standards. It retains the language that it is for the purpose of expanding foreign markets, and also that it is being done as a means of "establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce." It is significant that after 22 years of administration the administrators of the program are still proposing it as a means of establishing such better relationship.

The Trade Agreements Act was approved June 12, 1934. The first agreement, with Cuba, was signed in September of that year. Agreements with Belgium, Sweden, and Haiti became effective in 1935. But it was not until 1936 that trade agreements with important exporting countries became effective. A limited agreement with Canada was concluded, and expanded in 1937. Agreements also became effective during 1936 with Brazil, Columbia, Honduras, the Netherlands, Switzerland, Nicaragua, Guatemala, France, Finland, Costa Rica, and San Salvador.

In 1937, after 16 trade agreements had been concluded, 7,700,000 American workingmen and women were unemployed. In 1938 there were 10,390,000 unemployed, and in 1939 there were 9,030,480 unemployed, a million and a quarter more than in 1931, more than double the number in 1930, and more than 6 times the number who were unemployed in 1929.

- Relief from unemployment came with the war boom, not as a result of the Trade Agreements Act which, 5 years after its enactment found 17.2 percent of the Nation's labor force out of work.

In 1947, after 29 bilateral trade agreements had been negotiated, President Truman, on December 16 of that year, proclaimed the General Agreement on Tariffs and Trade in effect as of January 1, 1948, thus substituting multilateral trade treaties for bilateral agreements as envisioned in the 1934 Trade Agreements Act. The President claimed the Trade Agreements Act as authority for this action.

Two million sixty-four thousand Americans were unemployed in 1948, or 3.4 percent of the civilian labor force. One year later, in 1949, 3,395,000 civilian workers were unemployed, or 5.5 percent. In June 1950, the President involved the United States in the Korean conflict and unemployment dropped to 3,142,000 or 5 percent. Unemployment fell to below 2 million in the war years, but returned to 5 percent at the conclusion of active combat. In 1954, according to the Labor Department, 3,230,000 Americans were unemployed.

Agriculture has suffered an even more severe drop in employment, despite the assurances of the Trade Agreements Act. In 1936 the number of Americans employed in agriculture was 10 million. In 1954 the number had been reduced to 6,504,000, the lowest number in 25 years for which statistics have been made available by the Labor Department.

In January 1955, the American labor force, including members of the Armed Forces, totaled 66,700,000. Of this number 3,203,000 were serving in the Armed Forces and 60,150,000 were employed in civilian activities. Agricultural workers had been further reduced in number to 5,297,000. The Labor Department listed 3,347,000 workers in all activities as unemployed, 1,205,000 more than the 2,142,000 in 1947 when President Truman propelled us into the General Agreement on Tariffs and Trade.

Of equal pertinence is the fact that 2 years ago there were 37 distressed areas in the United States; 1 year ago there were 80, and as of March of this year, the latest month on which the Labor Department has reported, there were 156.

These areas and the principal industrial or other source of their economic distress are listed in Senate Report No. 60 of the 84th Congress, and in remarks made by the senior Senator from Nevada on the floor of the Senate on April 18, 1955. At that time he pointed out that coal mining, which is suffering from imports of petroleum products from foreign nations, including the Near East and Indonesia, is the principal industry in 33 distressed areas, while other areas in which lead, zinc, or fluorspar mining is a leading industry also are in distress.

Textile manufacture is the No. 1 industry in 20 distressed areas and the second dominant industry in 5 others. Electrical machinery is the industry most adversely affected by unemployment in 7 distressed areas and among the principal industries affected in 5 others. The chemical industry is suffering unemployment in four areas. All of these industries are being forced to compete against an import flood from low-wage foreign nations.

Unemployment in machinery industries, reflecting injury caused by competitive imports from abroad, has brought distress to 19 areas and contributed to distress in 9 others. Electrical machinery is

manufactured in 13, nonelectrical in 10, and farm machinery in 5. Metal industries are hurt in many areas, and mining, including lead, zinc, and fluorspar; pottery, china and glassware, machine tools, leather products, and lumber are suffering in others.

Bureau of Census records show that in 1954 the United States imported approximately \$800 million in textile fibers and manufactures; \$350 million in machinery of which \$70 million represented farm machinery; a quarter billion dollars worth of chemicals and related products; \$1,700 million in metals and manufactures not including machinery and vehicles; \$1,200 million in nonmetallic minerals, including more than \$825 million in petroleum and petroleum products brought in from foreign lands to compete against America's own fuels industries and workers; a quarter billion dollars in lumber and saw-mill products and \$100 million in manufactured woods such as plywood, shingles, and veneers.

More than \$200 million in meat and dairy products were imported to compete against America's agriculture, dairy, and livestock industries, and imports of fish, shellfish, and fisheries products totaling more than \$200 million contributed to the distress of coastal fisheries and fishermen.

Every import of a foreign product that competes with products produced in the United States puts American dollars in pockets of foreign workers and investors, and takes dollars out of the pockets of workers and investors in identical or similar production here.

Every imported product that is competitive against American mined or manufactured goods competes against American producers for America's own markets, and every tariff cut under the Trade Agreements Act and GATT has augmented the advantage of foreign producers in such competition.

The original Trade Agreements Act authorized the President to reduce tariffs 50 percent. Subsequent legislation authorized him to cut remaining tariff rates 50 percent, or a total reduction of 75 percent from 1930 rates. On the overall, a 68-percent reduction has been granted. Actually, the reduction has been greater than that as a result of inflation and dollar devaluation.

H. R. 1 permits further reductions of 5 percent a year for 3 years, a bonus to foreign producers who receive it greater than the dividends paid by many American industries affected by import competition.

This bonus to foreign producers may well add to the distress of the 156 areas scattered among 32 of the 48 States, or create new distressed areas in these or other States.

Of these States Alabama has 7 distressed areas, Arkansas and Connecticut, 1 each; Georgia, 2; Illinois, 4; Indiana, 8; Iowa, 2; Kansas, 1; Kentucky, 11; Maine and Maryland, 1 each; Massachusetts, 8; Michigan, 11; Minnesota, 1; Missouri, 4; New Jersey, 2; New Mexico, 1; New York, 8; North Carolina, 5; Ohio, 9; Oklahoma, 2; Oregon, 1; Pennsylvania, 20; Rhode Island and South Carolina, 1 each; Tennessee, 5; Texas, 1; Vermont, 2; Virginia, 4; Washington, 1; West Virginia, 13; and Wisconsin, 4.

Senators from these States may obtain further information on this by consulting Senate Report No. 60 of the 80th Congress, or the table printed in the Congressional Record of April 1.

Witnesses appearing for many industries testified in specific and concrete terms before the Senate Finance Committee concerning job

cutbacks in their respective industries, caused in whole or in part by import dumping.

No witness presented specific and concrete evidence of any nature concerning increases in employment in any industry resulting from the trade-agreements program. Estimates have been offered from time to time by proponents of reduced tariffs relating to employment in foreign trade, but in every instance they have been general, vague, and not backed up by facts, figures, or evidence.

The employment cutbacks sustained by industry as a result of import competition from low-wage countries reaping the advantage of our open, low-tariff markets are very real, and are supported by statistics.

H. R. 1 will increase unemployment and distress in the United States if it is enacted, and the State Department, the principal proponent of the legislation, knows it.

Perpetuation of a foreign policy which has brought 3 wars in less than 40 years has been placed above the interests and protection of American industries, workers, and investors, and H. R. 1 will enable the State Department to continue this policy.

THE RECORD ON EXPORTS OF FARM COMMODITIES

H. R. 1 will continue a program which has failed its promises to agriculture and which threatens agriculture with grievous injury.

Cotton exports during the 14 years prior to passage of the 1934 Trade Agreements Act averaged more than 7 million bales a year. In the 4 depression years of 1930, 1931, 1932, and 1933, they were 7,048,000, 8,989,000, 8,647,000, and 8,366,000 bales, respectively. During the prewar years following passage of the 1934 Trade Agreements Act they averaged less than 5 million bales a year. Exports from 1946 through 1953, the postwar years, averaged only 4,234,500 bales per year, and in 1952 and 1953 were 3,110,000 and 3,798,000, respectively. The peak export year for cotton was 1926, when 11,281,000 bales were shipped abroad, and the lowest year was 1941, 7 years after passage of the Trade Agreements Act, when only 1,202,000 bales were exported. Pearl Harbor occurred on December 7, 1941, too late to have caused this tremendous drop in exports.

Neither the trade-agreements program, which H. R. 1 would extend, nor GATT, which it would continue, have expanded our cotton export markets.

Tobacco exports during the 14 years prior to the 1934 Trade Agreements Act averaged more than 500 million pounds per year; topped 600 million pounds in 1929, a record that has never subsequently been equaled. Under the trade-agreements program, tobacco exports averaged 369 million pounds per year prior to Pearl Harbor, and averaged 400,043,000 during the war years. They hit their low in 1940, 6 years after passage of the Trade Agreements Act—179,626,000 pounds. Since the war they have averaged slightly less than 480 million pounds per year, or 20 million pounds less than the average for the pre-1934 trade-agreements period.

The Trade Agreements Act has not expanded export markets for tobacco. Whatever effect it may have had at all has been to decrease them.

Butter exports during the 14 years prior to the 1934 Trade Agreements Act averaged 4,777,000 pounds per year. Following passage

of the Trade Agreements Act in 1934 they averaged 2,514,000 pounds per year for the 7-year period, 1935 through 1941.

Butter exports in 1952 and 1953 totaled 387,000 and 521,000 pounds, respectively.

The Trade Agreements Act, which H. R. 1 would extend, has failed to expand our butter export market.

Wheat exports prior to the depression averaged 214,784,000 bushels per year without foreign aid or other forms of surplus disposal abroad. For the 7 years following passage of the 1934 Trade Agreements Act through 1941 they averaged 55,887,000 bushels per year. Since the war wheat exports, including shipments under gifts and grants, have averaged 385,482,000 bushels per year. In 1953 they dropped to 219,359,000 bushels, or approximately the average in the 1930's.

The Department of Agriculture advises us that it has no breakdown distinguishing between exports shipped in the course of normal trade, and those financed in whole or in part through foreign aid or subsidies.

Rye shipments during the 1920's averaged 27,186,000 bushels per year. Both in 1922 and 1925 exports of rye exceeded 50 million bushels. For the 14 years prior to the 1934 Trade Agreements Act, including depression years, they averaged 19,524,000 bushels per year. Following approval of the Trade Agreements Act rye exports averaged 1,231,000 bushels per year. During the war they averaged 2,592,000 bushels per year, and since the war the average per year has been 3,164,000 bushels. In 1952 exports of rye dropped to 320,000 bushels and in 1953 to 7,000 bushels. The Trade Agreements Act of 1934, which H. R. 1 would extend, obviously has not expanded the export market for this agricultural commodity.

Oat exports during the 10 years prior to the depression averaged 17,039,000 bushels per year. During the depression years prior to approval of the Trade Agreements Act they averaged 3,778,000 bushels.

The average for the prewar years from 1934, the year the Trade Agreements Act was passed, through 1941, was 3,872,000 bushels. Since the war oat exports have averaged 12,979,000 bushels per year, with exports declining each year since 1948 to 4,143,000 in 1952 and 3,446,000 in 1953.

The Trade Agreements Act, which H. R. 1 would extend, does not appear to have expanded our oat export market.

Farm commodities subject to quantitative restrictions under section 22 of the Agricultural Adjustment Act are cotton, wheat, oats, rye, rye flour and meal; barley and barley malt; butter, cheese, dried whole milk, dried skimmed milk, dried buttermilk, dried cream, malted milk and compounds; and peanuts. These restrictions are the subject of vigorous action in GATT, and may be jeopardized if GATT is continued. H. R. 1, by continuing the Trade Agreements Act, also continues the authority presumed by the State Department to authorize American participation in the GATT.

Manufactured articles in the United States have no protection from import competition such as quotas or quantitative restrictions. Neither have our domestic mines and mineral resources.

The following table, prepared by the Department of Agriculture, lists the quotas which are applicable to agricultural commodities, and which our continuance in GATT would jeopardize.

TABLE I.—*Commodities currently subject to quantitative restrictions under sec. 22 of the Agricultural Adjustment Act, as amended, including the quota and beginning date of quota year*

Commodity	Unit	Beginning date (1954)	Quota
Cotton:			
Long staple (1½-inch and longer but less than 1½½-inch).....	Pounds.....	Feb. 1	45,656,420
Short staple (under 1½-inch other than harsh or rough).....	do.....	Sept. 20	¹ 14,516,882
Harsh or rough under ¾-inch.....	do.....	do.....	70,000,000
Cotton waste ²	do.....	do.....	¹ 5,482,509
Grains: ³			
Wheat ⁴	Bushels.....	May 29	800,000
Wheat products ⁵	Pounds.....	do.....	4,000,000
Oats, hulled, unhulled and unhulled ground.....	Bushels.....	Oct. 1	⁶ 40,000,000
Rye, rye flour, and meal.....	Pounds.....	July 1	⁷ 186,000,000
Barley and barley malt.....	Bushels.....	Oct. 1	⁸ 27,500,000
Dairy products:			
Butter.....	Pound.....	July 1	707,000
Cheese:			
Cheddar.....	do.....	do.....	2,780,100
Blue mold.....	do.....	do.....	4,167,000
Edam and Gouda.....	do.....	do.....	4,600,200
Italian ⁹	do.....	do.....	9,200,100
Dried whole milk.....	do.....	do.....	7,000
Dried skimmed milk.....	do.....	do.....	1,807,000
Dried buttermilk.....	do.....	do.....	496,000
Dried cream.....	do.....	do.....	500
Malted milk and compounds.....	do.....	do.....	6,000
Peanuts:			
Peanuts ¹⁰	do.....	do.....	1,709,000
Supplemental quota for period ending June 30, 1955 ¹¹	do.....	do.....	¹² 51,000,000

¹ Country quotas are prescribed for short-staple cotton and cotton waste.

² Card strips made from cotton under 1½ inches, comber waste, lap waste, sliver waste, roving waste; however, not more than 33½ percent shall be filled by cotton wastes other than comber waste made from cottons of 1½ inches or more in staple length in the case of certain countries.

³ Excludes all certified or registered seed approved for planting under the Federal Seed Act.

⁴ The quota excludes wheat and flour "unfit for human consumption" or for experimental purposes.

⁵ Includes flour, semolina, crushed or cracked, and similar wheat products.

⁶ The annual quota of 40 million bushels permits 39,312,000 bushels from Canada and 688,000 pounds from other foreign countries.

⁷ Of which not more than 15,000 pounds may be rye flour and rye meal.

⁸ Permits not more than 27,225,000 bushels from Canada and not more than 275,000 bushels from other foreign countries. The Canadian Government indicated it will voluntarily limit exports of feed barley to the United States to 35 million bushels during this same period.

⁹ Italian-type cheese made from cow's milk including Romano, Reggiano, Parmesano, Provoloni, Provolette, and Sbruz.

¹⁰ Shelled basis, including whether shelled, not shelled, blanched, salted, prepared or preserved (including roasted but not peanut butter).

¹¹ By Presidential Proclamation an additional quota of 51 million pounds became applicable on March 10 for the quota period ending June 30, 1955.

¹² Shelled basis. Includes peanuts shelled, blanched, salted, prepared or preserved (including roasted peanuts but not including peanuts not shelled or peanut butter).

With respect to the total export picture:

The United States exported 12.9 percent of its production of movable goods in 1921; 9.1 percent in 1923; 10.1 percent in 1925; 9.9 percent in 1927; 9.6 percent in 1929; 7.3 percent in the depression year of 1931; and 6.5 percent in the depression year of 1933. Economic aid for foreign countries at the expense of American taxpayers had not then been invented and all exports were in the normal course of foreign trade and commerce.

In 1935, 1937, and 1939, still without the advantage of American economic or military aid, the United States exported 6.7, 7.5, and 7.5 percent of its total production in movable aid.

In 1941, after lend-lease had been inaugurated, exports totaled 7.9, but of these only 5.8 percent were normal commercial transactions.

Not including exports financed solely by the American taxpayer, exports for the postwar years, beginning in 1946, have amounted to the following percentages of the total production of movable goods in the United States: 4.9, 7.3, 5.4, 4.8, 4.1, 6.2, 5.8, 5.1, and 6. These

percentages were prepared from basic data and with the assistance of the Department of Commerce.

The 1934 Trade Agreements Act has not served to expand foreign markets for the products of the United States.

H. R. 1 AND GATT

H. R. 1, in providing the legislative authority under which the State Department expects to continue United States participation in GATT, contributes to the subordination of the national policy on agriculture commodities to an international organization meeting in foreign lands.

Dispatches from Geneva, Switzerland, on March 7, 1955, reported:

The 34 member nations of the General Agreement on Tariffs and Trade (GATT) have granted permission for the United States to continue to impose quantitative restrictions on certain agricultural imports. But the members also gave other countries permission to retaliate and seek compensation if affected by the restrictions, which are contained in section 22 of the United States Agricultural Adjustment Act.

This section mainly concerns imports of dairy produce and had led to clashes with several nations in the past. Holland once retaliated by slashing imports of wheat from the United States. The United States is understood to have assured GATT that it will end any restrictions under the act as soon as they are no longer needed and consult with interested countries before taking further action.

Confirmation of this report comes from GATT itself in a release titled:

"Decision to Grant a Waiver to the United States in Connection with Import Restrictions Imposed Under Section 22 of the United States Agricultural Adjustment Act of 1933 as Amended."

Under a subhead: "Conditions and procedures" the document states:

1. Upon request of any contracting party which considers that its interests are seriously prejudiced by reason of any import restriction imposed under section 22, whether or not covered by this decision, the United States will promptly undertake a review to determine whether there has been a change in circumstances which would require such restrictions to be modified or terminated. In the event the review shows such a change, the United States will institute an investigation in the manner provided by section 22.

2. Should the President of the United States acting in pursuance of section 22 cause an investigation to be made to determine whether any existing import restriction should be modified, terminated or extended, or whether restrictions should be imposed on the import of any additional product, the United States will notify the contracting parties and, in accordance with article XXIII of the general agreement, accord to any contracting party which considers that its interests would be prejudiced the fullest notice and opportunity, consistent with the legislative requirements of the United States, for representations and consultation.

3. The United States will give due consideration to any representations submitted to it including:

- (a) When investigating whether any existing import restriction should be modified, terminated, or extended, representations that a greater volume of imports than is permitted under the import restriction would not have the effects required to be corrected by section 22, including representations that the volume of imports that would have entered in the absence of governmental agricultural programmes would not have such effects.

- (b) When investigating with respect to import restrictions on additional products, representations with regard to:

- (i) the effect of imports of any product upon any programme or operation undertaken by the United States Department of Agriculture or any agency under its direction, or upon the domestic production of any agricultural commodity or product thereof for which such a programme or operation is

undertaken, including representations that the volume of imports which would have entered in the absence of governmental agricultural programmes will not have the effects required to be corrected by section 22;

(ii) the representative period to be used for the determination of any quota.

(c) Representations by any contracting party that the portion of a total quota allotted or proposed to be allotted to it is inequitable because of circumstances that operated to reduce imports from that contracting party of the product concerned during the past representative period on which such import quota is based.

4. As soon as the President has made his decision following any investigation the United States will notify the contracting parties and those contracting parties which have made representations or entered into consultations. If the decision imposes restrictions on additional products or extends or intensifies existing restrictions the notification by the United States will include particulars of such restrictions and the reasons for them regardless of whether the restriction is consistent with the general agreement.

5. The United States will remove or relax each restriction permitted under this waiver as soon as it finds the circumstances requiring such restriction no longer exist or have changed so as no longer to require its imposition in its existing form.

6. The contracting parties will make an annual review of any action taken by the United States under this decision. For each such review the United States will furnish a report to the contracting parties showing any modification or removal of restrictions effected since the previous report, the restrictions in effect under section 22 and the reasons why such restrictions (regardless of whether covered by this waiver) continue to be applied and any steps it has taken with a view to a solution of the problem of surpluses of agricultural commodities.

Elsewhere the GATT "decision" states:

(a) To help solve the problem of surpluses of products for which section 22 import quotas now are in effect, the United States Government has taken positive steps aimed at reducing 1955 crop supplies by lowering support price levels or by imposing marketing quotas at minimum levels permitted by legislation; and that it is the intention of the United States Government to continue to seek a solution of the problem of surpluses of agricultural commodities.

(b) The assurance of the United States Government that it will discuss proposals under section 22 with all countries having a substantial interest prior to taking action, and will give prompt consideration to any representations made by it.

(c) That it is the intention of the United States Government promptly to terminate any restrictions imposed when it finds that circumstances requiring the action no longer exist, and to modify restrictions whenever changed circumstances warrant such modification.

All of these spineless pledges and commitments, of course, leave the American farmer behind the eight ball and beholden to the whims of his foreign competitors.

The representations, pledges, and commitments reported in this GATT document, relating to legislation passed by the Congress in behalf of the Nation's agriculture industry, were not made by the Congress but by subordinates in the executive branch representing the United States at the GATT sessions in Geneva. The State Department contends that authority for such representation and participation in GATT is given to it in the Trade Agreements Act. H. R. 1 would extend this act and therefore the presumption of this authority by the State Department.

GATT has been assured by United States representatives in Geneva that the United States will end any restrictions under section 22 of the Agricultural Adjustment Act when it is found that "circumstances requiring the action no longer exist." GATT has further been assured that restrictions will be modified "whenever changed circumstances warrant such modification."

Before H. R. 1 is brought to the floor of the Senate the State Department should be subject to an inquiry on the following points:

1. Who is to determine if and when the safeguards under section 22 of the Agricultural Adjustment Act are no longer needed?

2. Who is to weigh the circumstances requiring or not requiring action with respect to quotas on imports of agricultural commodities?

3. Who is presumed to exercise the authority to modify restrictions embodied in legislation passed by the Congress and affecting agriculture, and who is to determine when "changing circumstances warrant such modification"?

H. R. 1, by assuring continuance in GATT, opens the door to international meddling and obstructive tactics in other legislation passed by the Congress, namely the Agricultural Adjustment Act.

Nowhere in the Agricultural Adjustment Act is there provision for scrutiny or "review" of an agricultural program "upon request of any contracting party" to the General Agreement on Tariffs and Trade, meeting in Geneva, Switzerland.

Nowhere does the Agricultural Adjustment Act provide for notifications of foreign countries when investigations are made at the request of a foreign nation or nations "to determine whether any existing import restriction should be modified, terminated, or extended." The modification, termination, or extension of quota provisions in section 22 are legislative matters for congressional determination.

Nowhere does the Agricultural Adjustment Act provide for "representations and consultation" with foreign nations which consider their interests prejudiced by administration of the Agricultural Adjustment Act.

Nowhere does the Agricultural Adjustment Act set up a criteria such as prescribed in paragraph 3 of the GATT "Decision" taking into account the estimated volume of imports, were import restrictions not applied, and the effects on domestic production that unlimited imports might have.

And nowhere does the Agricultural Adjustment Act provide that "as soon as the President has made his decision following any investigation the United States will notify the contracting parties and those contracting parties which have made representations or entered into consultations," plus explaining the reasons if restrictions are continued.

The authority to make the commitments made by the State Department to GATT is not embodied in the Agricultural Adjustment Act, section 22. The authority to make the commitments it has made is assumed by the State Department to grow out of the Trade Agreements Act, which H. R. 1 would extend to June 12, 1958.

The 1934 Trade Agreements Act has therefore superimposed an international coalition of 34 nations, including Communist Czechoslovakia, over not only agriculture and industry in the United States, but also over the powers and responsibilities of the Congress, as provided in article I, section 8, of the Constitution.

GATT falls or survives, insofar as American participation is concerned, depending on whether H. R. 1 is approved or rejected.

If H. R. 1 is approved GATT continues to meddle in our domestic economy and, by implication at least, in our legislative processes.

If H. R. 1 is rejected, the United States will be free of GATT strictures, control, and interference.

GATT has never been submitted to the Congress for rejection or approval, and the substantive provisions of GATT never are to be submitted according to the present thinking of the State Department.

But GATT is inextricably bound to H. R. 1 which would continue the Trade Agreements Act, the only substance on which any authority of GATT over the Nation's trade, tariffs, and economy is based.

Because the shadow of GATT hangs over H. R. 1, and is a dominant motivation for continuance of the 1934 trade agreements program, it is important in the consideration of H. R. 1 to discuss its origins and background.

GATT sessions are secret. They are held invariably on foreign soil. Information concerning actions and deliberation is scanty and released only through official sources. The author of these views is in possession of a document listing 24 decisions and resolutions, 3 declarations and 1 recommendation by GATT between February 1954 and March 10, 1955, involving the United States and 16 other countries including Czechoslovakia.

The document is marked "Restricted," and a note attached reads as follows:

Although it is not definitive as yet, it is expected that this document may be derestricted as of May 1, 1955.

No information bearing on the national security of any nation is contained, and at least one decision has been made public by the State Department. The "restricted" document deals only with trade, finance matters, and investment, actions which should be public knowledge to the workers and investors of America.

In the opinion of the author of these minority views the only purpose of the restriction is to conceal information from the public and possibly from the legislative bodies of the various nations until such time as GATT deems it appropriate to inform them.

GATT and the 1934 trade agreements program have been welded together since 1947. The Trade Agreements Act was passed in 1934. The Trade Agreements Act delegated to the President power to enter into trade pacts with foreign nations, the type of agreements contemplated being bilateral. Prior to entry into GATT by Presidential proclamation on December 16, 1947, bilateral trade treaties had been negotiated with 29 foreign countries, of which 27 treaties were still active.

THE ORIGINS OF GATT

GATT, however, had been in contemplation for several years. As early as December 22, 1941, an Advisory Committee on Postwar Foreign Policy was set up, with subcommittees on "economic policy" and "economic reconstruction." This was replaced on April 9, 1943, by a "Committee on Postwar Foreign Economic Policy."

This committee set up special committees to consider various phases of postwar foreign economic policy. Dean Acheson, then Assistant Secretary of State was given "general supervision" of "Shipping, relaxation of trade barriers, commodity agreements and methods of trade, private monopolies and cartels, food and agricultural products, metals and heavy industries, petroleum, and rubber."

On November 23, 1944, Mr. Acheson announced the Department's intention "to seek an early understanding with the leading trading nations, indeed as many nations as possible, for the effective and

substantial reduction of all kinds of barriers to trade," adding that "a trade conference of the United and Associated Nations should be held at the earliest practicable date for the negotiation of an agreement for the reduction of all kinds of barriers to trade."

"This agreement," he continued, "would of course be submitted to the Congress for its consideration," an assurance that has never been borne out since the evolvment of the General Agreement on Tariffs and Trade, or GATT.

Among those serving on the Special Committee on Relaxation of Trade Barriers was Harry Dexter White. Alger Hiss served on the Special Committee on Petroleum.

Earlier, on April 5, 1944, President Roosevelt created an Executive Committee on Economic Foreign Policy, with Acheson, White, and Lauchlin Currie of the Executive Office of the President as initial members.

An additional committee established in this period was an Inter-divisional Committee on Problems of Overall Economic Organization, with Mr. Charles P. Taft, then Director of the Office of Wartime Economic Matters, State Department, as Chairman. The Committee served during the spring of 1944 within the Department's preparatory function, and was specifically concerned with the possible establishment of "the international commission of technical experts in the economic field," to quote the State Department.

It was also concerned—

the State Department adds—

with the formulation of proposals for permanent economic organization to accompany those being developed in the political field for the maintenance of peace and security.

However, it was the executive committee created April 5, 1944, which submitted the document "Proposals for the Expansion of World Trade and Employment" which was the forerunner of GATT. Harry Dexter White, V. Frank Coe, and Harold Glasser were among those who participated in preparation of this document, representing the Treasury Department.

"Proposals" called for setting up ITO. On December 15, 1945, the executive branch announced that it was following up the document by inviting 15 other countries, including the Soviet Union and Czechoslovakia, to prepare projects for consideration at an international conference on trade and employment.

In February 1946, the Economic and Social Council of the United Nations, on motion of the United States, undertook to sponsor such a conference, setting up a preparatory committee to arrange for a conference to be held in London in October 1946. V. Frank Coe, Harold Glasser, and Victor Perlo of the Treasury Department were members of this preparatory committee.

The preparatory committee recommended procedures for carrying through the negotiations in such a way as to give effect, according to Tariff Commission Report 160, "to certain provisions of the charter of the International Trade Organization by means of a General Agreement on Tariffs and Trade."

Tariff negotiations were conducted at Geneva from April to October 1947, as part of the second session of the preparatory committee for a United Nations Conference on Trade and Employment. GATT

was born at this Geneva session, and included many provisions identical with those of a Geneva draft of a proposed charter for an International Trade Organization.

Representatives of 56 nations met in Habana, Cuba, in the late fall of 1947 and early spring of 1948, there drafting a Habana charter for an International Trade Organization. The first formal session of GATT was held at Habana at the conclusion of the ITO sessions, but meanwhile, on December 16, 1947, President Truman proclaimed that GATT would be placed in effect by the United States as of January 1, 1948. Other nations entering GATT at that time were Belgium, Canada, Cuba, France, Luxembourg, the Netherlands, and the United Kingdom.

ITO was submitted to the Congress in 1949 but was not reported out by committees of either the House or Senate. GATT has not been submitted to the Congress. GATT, however, included provisions identical with or similar to provisions in the ITO Charter. Similarity or duplication between ITO and GATT provisions is spelled out in hearings before the Senate Finance Committee held February 17 through 23, 1949.

Thus GATT survives although its twin, ITO, was still-born, and it survives because the State Department preferred to withhold it from Congress after ITO was scuttled, basing their participation in GATT on the Trade Agreements Act. Even at this late date, the State Department declines to lay the substantive provisions of GATT before the Congress.

The State Department has agreed, however, to submit to the Congress a new international trade organization to be called the Organization for Trade Cooperation. OTC contains clauses and language similar to provisions and language in the ITO Charter, which the Congress declined to approve. OTC also is prefaced with what it refers to as "objectives" which to all intents and purposes duplicate the "objectives" of the Habana charter for ITO. The purported purpose of OTC is to supervise GATT.

Rejection of H. R. 1 will end the controversy over GATT. It will also end the authority under which the executive branch presumes to participate in GATT. Withdrawal from GATT is essential to the restoration of our commercial and economic independence.

THE CONSTITUTIONALITY QUESTION

GATT's powers over the Nation's trade and economy, which H. R. 1 would continue, are being challenged at the present time in the United States courts as unconstitutional.

The Glassware Guild, Inc., of Morgantown, W. Va., which has been seriously injured by imports of glassware from foreign countries, including several Communist countries behind the Iron Curtain, is plaintiff in the suit.

The complaint contends that GATT and GATT-prescribed tariff rates and duties are "illegal, unlawful, and of no effect," and are "violative of the supreme taxing authority of Congress, the treaty-making powers of Congress, and the Foreign-commerce regulating authority of Congress."

Plaintiff further alleges that GATT is an "unconstitutional and unlawful attempt by the President to exercise power and authority not

delegated to him in the Federal Constitution for the purpose of limiting certain powers delegated exclusively to Congress and transferring said powers to an international administrative agency neither recognized by the Congress nor approved by the people's elected representatives."

The suit is now pending before the Federal courts, and a decision on it when made will have far-reaching importance on industries throughout the United States subject to foreign competition or facing the threat of foreign competition.

Congress should withhold action on H. R. 1 until the Supreme Court has rendered an ultimate decision in this case.

Constitutionality of the 1934 Trade Agreements Act likewise is challenged in this suit, and for the first time since the Trade Agreements Act was enacted.

However, constitutionality of the act has been seriously questioned since its inception.

In the 73d Congress, 10 of the 23 members of the Ways and Means Committee termed the trade agreements bill "unconstitutional" and "un-American." Their reasons for this view are set forth in House Report No. 1000 of the 73d Congress. However the act was passed, proponents arguing that it was an emergency measure of temporary duration.

The minority contended that the bill "delegates to the President's discretionary legislative power in tariffmaking and thereby provides for an unconstitutional delegation of the supreme taxing power of Congress contrary to * * * fundamental provisions of the Constitution."

It cited article I, section 1, of the Constitution providing that all legislative powers therein granted shall be vested in the Congress; section 8 providing that Congress shall have power to "lay and collect taxes, duties, imposts, and excises," and to "regulate commerce with foreign nations," and article II, lodging the executive power of the Government in the President, and the judicial power in the Supreme Court.

The minority report also stated correctly that the Supreme Court has many times held that, under this division of powers, it is a breach of the Constitution for Congress to delegate its legislative powers to the Executive. It also pointed out that the 1934 trade agreements bill constituted an unprecedented delegation of authority, and cited numerous Supreme Court decisions to prove it unprecedented.

Subsequent to enactment of the Trade Agreements Act the Supreme Court also held delegation by Congress of legislative powers to the executive branch to be unconstitutional in several notable decisions, among them that in *Panama Refining Co. v. Ryan* (293 U. S. 388, 421). and *Schechter Poultry Corp. v. U. S.*, the famous NIRA or Blue Eagle case (295 U. S. 495, 529).

The Supreme Court ruled that "the Congress manifestly is not permitted to abdicate, or to transfer to others, the essential legislative functions with which it is thus vested."

The Congress may authorize administrative officers, or the President, to fill in the details of legislation, but in so doing the Congress must fix a primary standard to guide the administrative officers in carrying out the details of a law.

The limit to which Congress may go in delegating legislative making powers to the executive is set out in *Schechter Poultry Corp. v. U. S.*:

Congress cannot delegate legislative power to the President to exercise an unfettered discretion.

Possibly the latest expression on this constitutional question comes from Chief Judge John J. Parker, of the Fourth United States Circuit Court of Appeals who said in the case of *U. S. v. Guy W. Capps, Inc.*, decided April 15, 1953, in that court:

* * * while the President has certain inherent powers under the Constitution such as the power pertaining to his position as Commander in Chief of the Army and Navy and the power necessary to see that the laws are faithfully executed, the power to regulate interstate and foreign commerce is not among the powers incident to the Presidential office, but is expressly vested by the Constitution in the Congress.

Further in his decision Judge Parker cited the Supreme Court decision in the steel seizure case of *Youngstown Sheet & Tube Co. v. Sawyer*, in which the Court stated:

In the framework of our Constitution, the President's power to see that the laws are faithfully executed refutes the idea that he is to be a lawmaker. The Constitution limits his functions in the lawmaking process to the recommending of laws he thinks wise and the vetoing of laws he thinks bad. The first section of the first article says that "all legislative powers herein granted shall be vested in a Congress of the United States."

Further in his decision, Judge Parker said:

Imports from a foreign country are foreign commerce subject to regulation, so far as this country is concerned, by Congress alone.

Today GATT regulates our foreign commerce, and H. R. 1 would underwrite GATT's operations for 3 more years. The question then, is whether the Trade Agreements Act of 1934, and H. R. 1 violate the Constitution.

The Trade Agreements Act of 1934 attempts to delegate to the President, to exercise in his absolute discretion, all of the legislative authority possessed by Congress in article I, section 8, of the Constitution. The only limitation on this total delegation in the original act is a provision that existing duties might not be varied more than 50 percent, and the only limitations in H. R. 1 are percentage limitations.

As stated earlier in these minority views, the authority which the Congress attempted to delegate in the Trade Agreements Act, has been to all effects redelegated to the State Department, which in turn had redelegated much of it to GATT, an international organization in no way regulated by or answerable to the Congress.

There is no thought or wish on the part of the signer of these individual views of attempting to prejudice the decision of the Federal courts or the Supreme Court in this important litigation. Nor should there be a wish or attempt by the majority of the Senate Finance Committee or of the Senate to in effect prejudice the decision by action on H. R. 1 prior to a determination by the Supreme Court of the constitutionality of the 1934 Trade Agreements Act, and on the constitutionality of executive branch acceptance of rules and rates laid down by GATT.

The question of constitutionality certainly should be resolved before any action is taken on this legislation in the United States Senate.

THE FICTION OF "RECIPROCAL TRADE"

H. R. 1 would extend a trade program that is not "reciprocal," never has been reciprocal, and never was intended to be reciprocal. No reciprocity has ever been achieved, either through the bilateral trade-agreements program of 1934 to 1947, or the multilateral program since 1947 under GATT. There is no reciprocity in GATT and none is intended.

Testimony was presented to the Senate Finance Committee during hearings on H. R. 1 that the following countries have recently increased tariff rates:

Australia, Belgium, Bolivia, Brazil, Ceylon, Costa Rica, Cuba, Denmark, Dominican Republic, Egypt, Ecuador, Finland, France, Guatemala, Haiti, India, Ireland, Israel, Italy, Jordan, Lebanon, Mexico, New Zealand, Norway, Peru, Sweden, Syria, Thailand, Union of South Africa, United Kingdom, Uruguay, and West Germany.

The United States has trade agreements with Australia, Belgium, Brazil, Ceylon, Cuba, Denmark, Dominican Republic, Finland, France, Haiti, India, Italy, New Zealand, Norway, Peru, Sweden, Union of South Africa, Guatemala, United Kingdom, and Uruguay, and all of them except Guatemala are covered by trade agreements made through GATT.

In contrast to tariff increases made by these nations the United States has decreased tariff rates 68 percent since 1937, and more than 55 percent of our imported commodities enter free from any duties at all.

This fact was confirmed by the Committee for Economic Development in November of last year. In a United States tariff policy statement the committee said:

Only a part of our imports are subject to tariffs or import restrictions.

Of the total annual imports of approximately \$10.8 billion in 1951, some \$6 billion consisted of products which enter free of duty or quota restrictions.

The rest—some \$4.8 billion annually—were subject to tariff duty or import quotas.

This \$4.8 billion included some \$2.5 of finished or semifinished manufactures, \$1.8 billion of them agricultural products, and \$500 million of metals and minerals. Of this \$4.8 billion of imports, however, only about \$3 billion were subject to import quotas or to tariffs sufficiently high to have an appreciable effect on the volume of imports. This \$3 billion consisted for the most part of agricultural products and finished manufactures.

Tariffs in nearly every trading nation of the world are higher than those in the United States. Examples of foreign tariff rates include:

Cotton manufactures: United Kingdom, 15 to 30 percent; Germany, up to 30 percent; Italy, 15 to 25 percent; Indonesia, 18 to 30 percent; Canada, 15 to 27½ percent.

Synthetic textiles: France, 20 to 35 percent; Italy, 25 percent; Norway, 22 percent; Belgium, 24 percent, and India, 50 percent.

Grains: France, 15 to 30 percent; Germany, 15 to 20 percent; Italy, 25 to 30 percent; Sweden, 10 to 15 percent.

Machinery: Britain, 10 to 25 percent, when it can be imported at all, and which, as will be presently shown, is rarely permitted to be imported and is subject to other types of restrictive barriers; France, up to 30 percent; Italy, 5 to 40 percent; and Japan, 15 to 30 percent.

Automobiles: India, 63 percent; United Kingdom, 33½ percent; Japan, 30 to 40 percent; France, 15 to 30 percent.

In addition to tariffs most of the trading countries impose restrictions and controls by which they limit or ban the import of United States goods into their markets.

THE FOREIGN BARRIERS TO AMERICAN TRADE

These barriers include manipulated currencies and currency shutoffs, import licenses, quotas and cartels, empire preference curbs, and exchange permits.

The United Kingdom, principal beneficiary of American aid, and a major beneficiary of United States trade concessions, bars many American-made products from its markets entirely and imposes rigid restrictions on all others except a few raw materials and foodstuffs.

The British rule in general is that no American manufactures, such as machinery, may be imported into England if such products are being made at all in the United Kingdom. Import licenses are denied for all such imports except "token" shipments on a very few commodities.

Britain grants preferential tariff rates, mainly free, to products of the British Commonwealth shipped or consigned directly to the United Kingdom, but these preferential rates in no case apply to products of the United States. American products pay the highest rate or are banned entirely.

Import duties are payable in British currency, and the rate of exchange for the conversion of foreign values is the current selling rate in the United Kingdom. By devaluating the pound, as it has done in the past, Britain can automatically raise its barriers to United States trade.

As of February 14, 1953, the Department of Commerce advised; with respect to British trade barriers and restrictions:

1. Licensing and exchange controls are maintained on about half of dollar imports, while over 80 percent of trade with European countries is free from any restriction. Quotas are set for some key dollar products.

2. Licenses covering dollar products are usually granted only for goods considered essential to the domestic (i. e., British) economy, and which are not alternatively obtainable from domestic or soft currency sources.

3. The British Government announced in late June 1954 that it would give "more favorable" consideration from then on to applications for licenses to import dollar machinery provided the machinery in question would reduce cost, and provided no nondollar alternatives were available.

In other words, if Britain could get machinery from any other country than the United States, import licenses would be denied for the importation of machinery from this dollar country.

Britain has sold millions of dollars worth of machinery to the United States for use in Government projects in America, paid for by the American taxpayers. Similar American products are barred from England.

"Britain industrial output index reaches highest point on record," the United States Department of Commerce reported on January 3, 1955. "Unemployment amounted to only 1 percent of the labor force," it adds.

England has achieved this record not through reciprocal trade but through protection, high tariffs, curbs on imports of American products, manipulation of exchanges, and gift dollars and contracts from the United States paid for by American taxpayers.

H. R. 1 would further benefit the United Kingdom by reducing tariffs on her products at further cost to American taxpayers, workingmen, and investors.

As a gesture toward the United States, possibly in its bid for reduced tariffs here and extension of the trade agreements program, Great Britain did, some months ago, agree to admit 650 American-made automobiles "on trial," the imports subject, of course, to British duties and taxes bringing the price of an American Chevrolet to approximately \$6,000.

This was obviously a propaganda gesture. Britain, during 1954, exported 25,889 new cars valued at \$34,147,665 to the United States, and used cars and parts totaling another \$2.5 million in value. The tariff rate on automobiles imported into the United States from Britain is 10 percent. The British rate, excluding taxes and other charges, on cars imported from the United States is 33½ percent. On cars imported from British Commonwealth countries it is 22½ percent.

British leaders, such as R. A. Butler, Chancellor of the Exchequer, have been ardent proponents of reduced tariff barriers for the United States, while raising prohibitive trade barriers against American products reaching the British Isles.

The British are not alone. Of the 33 foreign nations in GATT, 26 impose barriers on imports from the United States by requiring import licenses to be obtained by prospective importers of American goods. As the Department of Commerce puts it:

These regulations (import licenses and exchange permits) apply primarily to goods of United States origin and to other goods payable in United States dollars.

GATT members employing these barriers against United States trade after 22 years of concessions by the United States are—

Australia, Austria, Belgium, Brazil, Ceylon, Chile, Czechoslovakia, Denmark, Finland, France, Federal Government of Germany, India, Indonesia, Italy, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Rhodesia and Nyasaland, Turkey, Union of South Africa, United Kingdom, and Uruguay.

Exchange permits also are required in many of these countries, either as separate documents or combined with the import license.

Countries not members of GATT which require import licenses or exchange permits, or both, on imports from the United States, after 22 years of trade concessions made to them under the trade agreements program which H. R. 1 would extend, are—

Anglo-Egyptian Sudan; Aden, Bahrein, Qatar, and Trucial Oman on the Arabian Peninsula; Argentina, the Belgian Congo, Bolivia, British Colonies, Bulgaria, Cambodia, Colombia, Costa Rica, Ecuador, Egypt, Ethiopia, French overseas territories, East Germany, Hashemite Jordan, Hong Kong, Hungary, Iceland, Iran, Iraq, Ireland, Israel, Japan, Korea, Laos, Lebanon, Federation of Malaya, Mexico, Morocco, (French zone) and Morocco (Spanish zone), Netherlands West Indies, Paraguay, Poland, Portugal, Portuguese colonies, Rumania, Singapore, Spain, Spanish colonies, Surinam, Switzerland, Syria, Formosa, Thailand, U. S. S. R., and Vietnam.

Countries which have neither import licenses nor exchange permits, or in which such restrictive devices and controls apply only to some commodities, are Saudi Arabia, Kuwait, Muscat, Oman, and Yemen on the Arabian peninsula, Canada (except for a few commodities); Cuba (excepting wheat, flour, rice, tires and tubes, red and pink beans, potatoes, condensed milk and butter); El Salvador, French Somaliland, Greece (excepting luxury items); Guatemala, Haiti, Honduras, Liberia, Panama (excepting commodities under quotas); Tangier, Peru, the Philippines, Sweden (except automobiles, coal, and certain agricultural products); Venezuela (except approximately 25 tariff or quota items), and Yugoslavia, which licenses firms to carry on its import business instead.

Thus it is obvious that most of the trading nations of the world, whether or not they are members of GATT, have erected barriers against products of the United States, and have erected them since the 1934 Trade Agreements Act, which H. R. 1 would continue, came into operation.

While America has reduced tariffs to low and ineffectual levels, other nations have imposed devices with which they can and do shut out American products entirely.

Their program appears: Free trade for the United States; protection for the rest of the world, excepting such remote and impoverished areas as Yemen, French Somaliland, and Tangier.

The Trade Agreements Act, by the record, has not expanded America's exports markets. The markets have, in fact, been reduced during the 22 years the act has been on our statute books.

The Trade Agreements Act has not achieved concessions to balance the increasing restrictions and bans placed by foreign nations.

The Trade Agreements Act is in no way reciprocal.

It is an act to increase imports of foreign products from low-wage, low-living standard nations, not one of which pays wages one-third as high as those in the United States, and some of which pay wages one-ninth of ours.

H. R. 1 will extend the Trade Agreements Act, and for that reason, it, too, is a bill to increase imports at the expense of the American workingman, investor, and taxpayer.

GATT, which H. R. 1 would continue regardless of whether it ever comes before the Congress, is not reciprocal. It is discriminatory against the United States and any other country which may achieve a favorable balance of payments in its foreign trade.

GATT imposes high-sounding rules to apply to prospering nations; nullifies them with respect to any and all nations which presently are not enjoying equal prosperity.

GATT proposes under article XI that no restrictions other "than duties, taxes, or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory."

Article XII, however, grants exceptions to this rule to any GATT member which wishes to "safeguard its external financial position and balance of payments." Such countries may "restrict the quantity or value of merchandise permitted to be imported."

As the State Department puts it: "Notwithstanding the general rule against the use of import restrictions in article XI, this article

permits a contracting party to impose import restrictions to safeguard its external financial position and balance of payments; that is, to forestall the imminent threat of a serious decline in its monetary reserves, or, if the country has very low reserves, to achieve a reasonable rate of increase in its reserves."

Article XIV and article XX contain other exceptions.

In other words, GATT imposes rules on the United States and what few other GATT members may enjoy a favorable balance of payments, but lifts them on any members who can, through manipulation of exchanges or otherwise, claim an unfavorable balance of payments, or even profess a threat to a decline in their monetary reserves.

Such countries may also continue, or apply, discriminatory restrictions when they affect only "a small part of a country's trade and the benefits derived by the country substantially outweigh any injury to another country"; when they are to assist a country "whose economy has been disrupted by war"; when they are applied by countries having a common quota in the International Monetary Fund; when they are equivalent to restrictions authorized by the "scarce currency" provisions of the fund agreement; and when they are applied "under specific preferential arrangements existing in the United Kingdom."

Every member of GATT except the United States and possibly Canada thus have an "out" to continue restrictions, controls, and preferential arrangements, and as listed earlier in this report most of the GATT members are applying them.

The United States, enjoying a high standard of living and maintaining high production levels, is the victim of GATT's rules, and will continue to be the victim until our economy is reduced to a "scant currency" and adverse payments balance basis, so long as the Trade Agreements Act remains in force.

H. R. 1 in extending the Trade Agreements Act for 3 more years will extend the life of GATT for 3 more years. Rejection of H. R. 1 will mean the death of GATT, and the end of this international control over the Nation's economy and international restrictions against America's export trade.

Rejection of H. R. 1 by the Congress will remove control over our foreign commerce, duties, and tariffs from an international aggregation of 33 foreign nations and the United States which meets in foreign lands, and in which the foreign nations have rigged the rules to our disadvantage.

Rejection of H. R. 1 will restore the regulation of tariffs and the foreign commerce to the Congress, as provided by the Constitution, article I, section 8.

Rejection of H. R. 1 will liberate the Nation from GATT and restore our national economic independence.

WHO H. R. 1 WILL BENEFIT

H. R. 1 will help the foreign producer and work injury on the American producer here at home.

The foreign producer, as William McKinley told the 50th Congress, "has no right or claim to equality with our own. He is not amenable to our laws. He performs no civil duties—he is subject to no demands for military service. He is exempt from State, county, and municipal

obligations. He contributes nothing to the support, the progress and the glory of the Nation."

GATT grants the foreign producer not equality, but superiority over his American competitor.

H. R. 1 will enable GATT to continue that discrimination, and will continue the subservience of our National Government to an international authority sitting in Geneva, in which no American producer has a voice, and over which the Congress has no vestige of control.

For the above reasons; for the reason that my home State of Nevada and the States of California, Utah, and Idaho have passed resolutions opposing H. R. 1, and for the reasons advanced by the many industry and labor organizations, spokesmen and leaders who have testified before the Senate Finance Committee or have written or telegraphed me in opposition to H. R. 1, I oppose H. R. 1 and any extension of the 1934 Trade Agreements Act.

I do so with the full conviction that the continuation of the act by H. R. 1 is adverse to the interests of the United States, its industries, and its people.



Calendar No. 242

84TH CONGRESS
1ST SESSION

H. R. 1

[Report No. 232]

IN THE SENATE OF THE UNITED STATES

FEBRUARY 21, 1955

Read twice and referred to the Committee on Finance

APRIL 28 (legislative day, APRIL 25), 1955

Reported by Mr. BYRD, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Trade Agreements Ex-
4 tension Act of 1955".

5 SEC. 2. The period during which the President is au-
6 thorized to enter into foreign trade agreements under sec-
7 tion 350 of the Tariff Act of 1930, as amended (19 U. S. C.,
8 sec. 1351), is hereby extended from June 12, 1955, until
9 the close of June 30, 1958.

1 SEC. 3. (a) Subsection (a) of section 350 of the Tariff
2 Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is
3 hereby amended to read as follows:

4 “(a) (1) For the purpose of expanding foreign markets
5 for the products of the United States (as a means of assist-
6 ing in establishing and maintaining a better relationship
7 among various branches of American agriculture, industry,
8 mining, and commerce) by regulating the admission of
9 foreign goods into the United States in accordance with the
10 characteristics and needs of various branches of American
11 production so that foreign markets will be made available
12 to those branches of American production which require and
13 are capable of developing such outlets by affording corre-
14 sponding market opportunities for foreign products in the
15 United States, the President, whenever he finds as a fact
16 that any existing duties or other important restrictions of the
17 United States or any foreign country are unduly burdening
18 and restricting the foreign trade of the United States and
19 that the purpose above declared will be promoted by the
20 means hereinafter specified, is authorized from time to time—

21 “(A) To enter into foreign trade agreements with
22 foreign governments or instrumentalities thereof con-
23 taining provisions with respect to international trade,
24 including provisions relating to tariffs, to most favored-
25 nation standards and other standards of nondiscrimina-

1 tory treatment affecting such trade, to quantitative im-
2 port and export restrictions, to customs formalities, and
3 to other matters relating to such trade designed to
4 promote the purpose of this section similar to any of
5 the foregoing: *Provided*, That no such provision
6 shall be given effect in the United States in a
7 manner inconsistent with existing legislation of the
8 United States: *Provided further*, That the enactment
9 of the Trade Agreements Extension Act of 1955 shall
10 not be construed to determine or indicate the approval
11 or disapproval by the Congress of ~~organizational pro-~~
12 ~~visions of any foreign trade agreement entered into under~~
13 ~~this section~~ *the executive agreement known as the Gen-*
14 *eral Agreement on Tariffs and Trade.*

15 “(B) To proclaim such modifications of existing
16 duties and other import restrictions, or such additional
17 import restrictions, or such continuance, and for such
18 minimum periods, of existing customs or excise treat-
19 ment of any article covered by foreign trade agreements,
20 as are required or appropriate to carry out any foreign
21 trade agreement that the President has entered into
22 hereunder.

23 “(2) No proclamation pursuant to paragraph (1)
24 (B) of this subsection shall be made—

1 “(A) Increasing by more than 50 per centum any
2 rate of duty existing on January 1, 1945.

3 “(B) Transferring any article between the dutiable
4 and free lists.

5 “(C) In order to carry out a foreign trade agree-
6 ment entered into by the President before June 12,
7 1955, *or with respect to which notice of intention to nego-*
8 *tiate was published in the Federal Register on November*
9 *16, 1954*, decreasing by more than 50 per centum any
10 rate of duty existing on January 1, 1945.

11 “(D) In order to carry out a foreign trade agree-
12 ment entered into by the President on or after June
13 12, 1955, decreasing (except as provided in subpara-
14 graph ~~(E)~~ (C) of this paragraph) any rate of duty
15 below the lowest of the following rates:

16 “(i) The rate 15 per centum below the rate
17 existing on ~~July~~ *January* 1, 1955.

18 ~~“(ii) In the case of any article which the~~
19 ~~President determines, at the time the foreign trade~~
20 ~~agreement is entered into, is normally not~~
21 ~~imported into the United States or is normally~~
22 ~~imported into the United States in negligible quan-~~
23 ~~tities, the rate 50 per centum below the rate existing~~
24 ~~on January 1, 1945. This clause shall not apply~~
25 ~~with respect to any article unless it is identified in~~

1 the list required by section 3 (a) of the Trade
2 Agreements Extension Act of 1951, as amended
3 (19 U. S. C., sec. 1360 (a)), for possible consider-
4 ation as an article which is normally not imported
5 into the United States or is normally imported into
6 the United States in negligible quantities.

7 “(iii) (ii) In the case of any article subject to
8 an ad valorem rate of duty above 50 per centum (or
9 a combination of ad valorem rates aggregating
10 more than 50 per centum), the rate 50 per centum
11 ad valorem (or a combination of ad valorem rates
12 aggregating 50 per centum). In the case of any
13 article subject to a specific rate of duty (or a com-
14 bination of rates including a specific rate) the ad
15 valorem equivalent of which has been determined
16 by the President to have been above 50 per centum
17 during a period determined by the President to be a
18 representative period, the rate 50 per centum ad
19 valorem or the rate (or a combination of rates),
20 however stated, the ad valorem equivalent of which
21 the President determines would have been 50 per
22 centum during such period. The standards of valua-
23 tion contained in section 402 of this Act (as in
24 effect during the representative period) shall be
25 utilized by the President, to the maximum extent

1 he finds such utilization practicable, in making the
2 determinations under the preceding sentence.

3 ~~“(E) In order to carry out a foreign trade agree-~~
4 ~~ment entered into by the President on or after June~~
5 ~~12, 1955, to which the Government of Japan is a party~~
6 ~~and with respect to which notice of intention to nego-~~
7 ~~tiate was published on November 16, 1954 (19 F. R.~~
8 ~~7379), if the President determines that such decrease~~
9 ~~is necessary in order to provide expanding export mar-~~
10 ~~kets for products of Japan (including such markets in~~
11 ~~third countries), decreasing by more than 50 per centum~~
12 ~~any rate of duty existing on January 1, 1945.~~

13 “(3) (A) Subject to the provisions of subparagraphs
14 (B) and (C) of this paragraph, the provisions of any proc-
15 lamation made under paragraph (1) (B) of this subsection,
16 and the provisions of any proclamation of suspension under
17 paragraph ~~(5)~~ (4) of this subsection, shall be in effect from
18 and after such time as is specified in the proclamation.

19 “(B) In the case of any decrease in duty to which
20 paragraph (2) (D) of this subsection applies—

21 “(i) if the total amount of the decrease under the
22 foreign trade agreement does not exceed 15 per centum
23 of the rate existing on ~~July~~ *January* 1, 1955, the
24 amount of decrease becoming initially effective at one

time shall not exceed 5 per centum of the rate existing
on ~~July~~ *January* 1, 1955;

“(ii) except as provided in clause (i), not more
than one-third of the total amount of the decrease under
the foreign trade agreement shall become initially effective
at one time; and

“(iii) no part of the decrease after the first part
shall become initially effective until the immediately
previous part shall have been in effect for a period or
periods aggregating not less than one year.

“(C) No part of any decrease in duty to which the
alternative specified in paragraph (2) (D) (i) of this sub-
section applies shall become initially effective after the expi-
ration of the three-year period which begins on July 1, 1955.
If any part of such decrease has become effective, then for
purposes of this subparagraph any time thereafter during
which such part of the decrease is not in effect by reason
of legislation of the United States or action thereunder shall
be excluded in determining when the three-year period
expires.

~~“(D) If the President determines that such action will~~
~~simplify the computation of the amount of duty imposed~~
~~with respect to an article, he may exceed any limitation~~
~~specified in paragraph (2) (D) or (E) of this subsection~~

1 or subparagraph (B) of this paragraph by not more than
 2 whichever of the following is lesser:

3 “(i) The difference between the limitation and the
 4 next lower whole number, or

5 “(ii) One-half of 1 per centum ad valorem.

6 In the case of a specific rate (or of a combination of rates
 7 which includes a specific rate), the one-half of 1 per
 8 centum specified in clause (ii) of the preceding sentence
 9 shall be determined in the same manner as the ad valorem
 10 effect of rates not stated wholly in ad valorem terms is
 11 determined for the purposes of paragraph (2) (D) (iii)
 12 of this subsection.

13 “(4) In exercising his authority under this section, the
 14 President shall avoid, to the maximum extent he deems
 15 practicable and consistent with the purpose of this section,
 16 the subdivision of classification categories.

17 “(5) (4) Subject to the provisions of section 5 of the
 18 Trade Agreements Extension Act of 1951 (19 U. S. C., sec.
 19 1362), duties and other import restrictions proclaimed pur-
 20 suant to this section shall apply to articles the growth, prod-
 21 uce, or manufacture of all foreign countries, whether im-
 22 ported directly or indirectly: *Provided*, That the President
 23 shall, as soon as practicable, suspend the application to
 24 articles the growth, produce, or manufacture of any country
 25 because of its discriminatory treatment of American com-

merce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purpose of this section.

“(6) (5) The President may at any time terminate, in whole or in part, any proclamation made pursuant to this section.”

(b) The last sentence of section 350 (b) of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (b)), is hereby amended to read as follows: “No rate of duty on products of Cuba shall be decreased—

“(1) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, by more than 50 per centum of the rate of duty existing on January 1, 1945, with respect to products of Cuba.

“(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) ~~(D)~~ or ~~(E)~~ (C) or (D) (subject to the provisions of subsection (a) (3) ~~(B)~~, ~~(C)~~, and ~~(D)~~ (B) and (C)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) ~~(iii)~~ (ii) may be exceeded to such extent

1 as may be required to maintain an absolute margin of
2 preference to which such products are entitled.”

3 (c) Subsection (c) of section 350 of the Tariff Act
4 of 1930, as amended (19 U. S. C., sec. 1351 (c)), is
5 hereby amended by inserting “(1)” after “(c)”, by striking
6 out “(1)” and inserting in lieu thereof “(A)”, by striking
7 out “(2)” and inserting in lieu thereof “(B)”, and by
8 adding at the end thereof the following new paragraph:

9 “(2) For purposes of this section—

10 “(A) Except as provided in subsection (d)
11 ~~and subparagraph (C) of this paragraph~~, the terms
12 ‘existing on January 1, 1945’ and ‘existing on ~~July~~
13 *January* 1, 1955’ refer to rates of duty (however
14 established, and even though temporarily suspended
15 by Act of Congress or otherwise) existing on the
16 date specified, except rates in effect by reason of
17 action taken pursuant to section 5 of the Trade
18 Agreements Extension Act of 1951 (19 U. S. C.,
19 sec. 1362).

20 “(B) The term ‘existing’ without the specifica-
21 tion of any date, when used with respect to any
22 matter relating to the conclusion of, or proclamation
23 to carry out, a foreign trade agreement, means
24 existing on the day on which that trade agreement
25 is entered into.

1 ~~“(C) In applying paragraphs (2) (D) (i)~~
 2 ~~and (3) (B) (i) of subsection (a), the rate of~~
 3 ~~duty on an article included in a foreign trade agree-~~
 4 ~~ment with respect to which notice of intention to~~
 5 ~~negotiate was published on November 16, 1954 (19~~
 6 ~~F. R. 7379), if such agreement is entered into be-~~
 7 ~~fore July 1, 1955, shall be considered to be the rate~~
 8 ~~‘existing on July 1, 1955’.”~~

9 (d) Section 350 of the Tariff Act of 1930, as amended
 10 (19 U. S. C., sec. 1351), is hereby amended by adding at
 11 the end thereof the following new subsection:

12 “(e) (1) The President shall submit to the Congress an
 13 annual report on the operation of the trade agreements pro-
 14 gram, including information regarding new negotiations,
 15 modifications made in duties and import restrictions of the
 16 United States, reciprocal concessions obtained, modifica-
 17 tions of existing trade agreements in order to effectuate more
 18 fully the purposes of the trade agreements legislation (in-
 19 cluding the incorporation therein of escape clauses), and
 20 other information relating to that program and to the
 21 agreements entered into ~~thereunder.~~ *thereunder.*”

22 “(2) *The Tariff Commission shall at all times keep*
 23 *informed concerning the operation and effect of provisions*
 24 *relating to duties or other import restrictions of the United*
 25 *States contained in trade agreements heretofore or hereafter*

1 entered into by the President under the authority of this
2 section. The Tariff Commission, at least once a year, shall
3 submit to the Congress a factual report on the operation of the
4 trade-agreements program.”

5 SEC. 4. Subsection (b) of section 6 of the Trade Agree-
6 ments Extension Act of 1951, as amended (19 U. S. C.,
7 sec. 1363 (b)), is hereby amended by striking out the
8 second sentence thereof.

9 SEC. 5. The last sentence of subsection (a) of section 7
10 of the Trade Agreements Extension Act of 1951, as amended
11 (19 U. S. C., sec. 1364 (a)), is amended to read as follows:
12 “The Tariff Commission shall immediately make public its
13 findings and recommendations to the President, including any
14 dissenting or separate findings and recommendations, and shall
15 cause a summary thereof to be published in the Federal
16 Register.”.

17 SEC. 6. (a) Subsection (b) of section 7 of the Trade
18 Agreements Extension Act of 1951, as amended (19 U. S. C.,
19 sec. 1364 (b)), is amended by adding at the end thereof the
20 following: “Increased imports, either actual or relative, shall
21 be considered as the cause or threat of serious injury to the
22 domestic industry producing like or directly competitive
23 products when the Commission finds that such increased
24 imports have contributed materially to the serious injury or
25 the threat of serious injury to such industry.”.

1 *(b) Section 7 of the Trade Agreements Extension Act*
2 *of 1951, as amended (19 U. S. C., sec. 1364), is amended*
3 *by adding at the end thereof the following new subsection:*

4 *“(e) As used in this Act, the terms ‘domestic industry*
5 *producing like or directly competitive products’ and ‘domestic*
6 *industry producing like or directly competitive articles’ mean*
7 *that portion or subdivision of the producing organizations*
8 *manufacturing, assembling, processing, extracting, growing,*
9 *or otherwise producing like or directly competitive products*
10 *or articles. Where a particular business enterprise is en-*
11 *gaged in operations involving more than one industry, or*
12 *more than one readily determinable segment of a single*
13 *industry, the Commission shall, so far as practicable, dis-*
14 *tinguish or separate the respective operations of such business*
15 *enterprise for the purpose of determining injury.”.*

16 *SEC. 7. Section 2 of the Act entitled “An Act to extend*
17 *the authority of the President to enter into trade agreements*
18 *under section 350 of the Tariff Act of 1930, as amended”,*
19 *approved July 1, 1954 (19 U. S. C., sec. 1352a), is hereby*
20 *amended by inserting “(a)” after “SEC. 2.” and by adding*
21 *at the end thereof a new subsection as follows:*

22 *“(b) In order to further the policy and purpose of this*
23 *section, whenever the Director of the Office of Defense Mobili-*
24 *zation has reason to believe that any article is being imported*
25 *into the United States in such quantities as to threaten to*

1 *impair the national security, he shall so advise the President,*
2 *and if the President agrees that there is reason for such belief,*
3 *the President shall cause an immediate investigation to be*
4 *made to determine the facts. If, on the basis of such investi-*
5 *gation, and the report to him of the findings and recommenda-*
6 *tions made in connection therewith, the President finds the*
7 *existence of such facts, he shall take such action as he deems*
8 *necessary to adjust the imports of such article to a level that*
9 *will not threaten to impair the national security."*

Passed the House of Representatives February 18, 1955.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 242

84TH CONGRESS
1ST SESSION

H. R. 1

[Report No. 232]

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

FEBRUARY 21, 1955

Read twice and referred to the Committee on Finance

APRIL 28 (legislative day, April 25), 1955

Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 3, 1955
For actions of May 2, 1955
84th-1st, No. 71

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HIGHLIGHTS: Senate committee reported appropriation bill which includes Forest Service items. House conferees were appointed on USDA appropriation bill. House committee ordered reported bills to donate flour and meal to needy, repeal REA State formula, give CEA subpoena power, authorize land banks to purchase FFMC assets. Senate debated trade agreements bill. Sen. Clements commended tobacco referendum results and spoke in favor of 90% price supports. Sen. Humphrey urged farmers to continue wheat quotas and criticized flexible price supports. Sen. Martin, Pa., introduced and discussed bill to provide more State participation in water projects.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL, 1956. Reps. Whitten, Marshall, Deane, Natcher, Cannon, Andersen, Horan, Vursell, and Taber were appointed House conferees on this bill, H. R. 5239 (p. 4522). The conferees met but did not complete their work (p. D361).
2. SURPLUS COMMODITIES. The Agriculture Committee ordered reported (with an amendment in the nature of a substitute) H. R. 2851, providing for HEW to purchase flour and meal from USDA and donate it to the needy (p. D359).
3. PERSONNEL. Passed without amendment H. R. 3948, to remove the limitation that uniform allowances may be provided only to those who were required to wear uniforms when the Federal Employees Uniform Allowance Act was passed in 1954 (p. 4527). This bill will now be sent to the President.
Rep. Pelly spoke in favor of immediate passage of a classified pay raise bill (p. 4525).
4. FORESTRY. Passed without amendment H. R. 2679, to protect scenic values along Oak Creek Canyon in Coconino National Forest, Ariz. (p. 4527). A companion bill, S. 52, has been reported in the Senate.

5. WATER RESOURCES. Passed as reported H. R. 208, consenting to a compact between Ark. and Okla. regarding Arkansas River waters (p. 4529). This bill had been reported earlier in the day with amendment (H. Rept. 463)(p. 4534).
6. RURAL ELECTRIFICATION; COMMODITY EXCHANGES; FARM CREDIT. On Apr. 29 the Agriculture Committee voted to report H. R. 5376, to repeal the State allotment formula for REA; H. R. 4514, to authorize subpoenas under the Commodity Exchange Act; and S. 941, to authorize the Federal land banks to purchase certain remaining assets of the Federal Farm Mortgage Corporation (p. D359).
7. LAND TRANSFER. The Agriculture Committee ordered reported H. R. 1762, to direct sale of a tract of ARS land to Woodward, Okla. (p. D359).
8. BANKING AND CURRENCY. Both Houses received a message from the President recommending U. S. membership in the International Finance Corporation (H. Doc. 152); to Banking and Currency Committees (pp. 4522-3, 4516).
9. COOPERATIVES. Rep. Mason spoke in favor of H. R. 141, to amend the Capper-Volstead Act so as to provide for antitrust actions against large farmer cooperatives under certain circumstances (p. 4533).
10. FHA AUDIT. Received from the Comptroller General a report on the audit of the Farmers' Home Administration; (to Government Operations Committee (p. 4534).
11. CHEESE. Rep. Johnson, Wis., announced that Wisconsin cheese would be served in the Capitol dining rooms (pp. 4524-5).

SENATE

12. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL FOR 1956. The Appropriations Committee reported with amendments this bill, H. R. 5085 (S. Rept. 261)(p. 4472). Attached is a table showing actions relating to FS and ARS. In addition, the committee added \$100,000 for weed control by the Bureau of Land Management. The bill also includes \$400,000 for salt-water research and \$390,000 for the Virgin Islands Corporation. Majority Leader Johnson indicated that the bill will probably be debated this week (pp. 4517-8, 4520).
13. TRADE AGREEMENTS. Began debate on H. R. 1, the trade agreements extension bill; adopted all committee amendments (See Digest 68) en bloc; agreed that the bill, as so amended, would be considered as original text for the purpose of further amendment; and adopted a technical, clarifying amendment by Sen. Byrd (pp. 4489-90, 4493-4510, 4512-20).

During debate on this bill Senators Byrd and Thye discussed the provisions to impose quotas on agricultural products under sec. 22 of the Agricultural Adjustment Act (pp. 4497-8), Sen. Robertson stated that the cotton-textile industry has little to fear from enactment of the bill (pp. 4506-8), and Sen. Mansfield stated that one of the most important answers to the agricultural surplus problem is an expanded foreign market (pp. 4513-6).
14. TOBACCO ALLOTMENTS; PRICE SUPPORTS. Sen. Clements stated that the results of the burley tobacco referendum demonstrate "an overwhelming acceptance by the growers of further reductions in acreage," and spoke in favor of 90% price supports on basic commodities (pp. 4483-4). Sen. Barkley commended the burley tobacco farmers on "this magnificent vote" for reduced acreage allotments (pp. 4483-4).

which he commented in his short speech this morning, because S. 1691 carries out the objectives of the New York Herald Tribune editorial. The bill was introduced some time ago, and I have called upon the Committee on Labor and Public Welfare to hold early hearings on it. No hearings have yet been held. I wish to say most respectfully that, in my judgment, not only is the executive branch of the Government derelict in this matter but I think Congress also has been derelict. If we had acted quickly, much of the difficulty could have been avoided.

The recent unfortunate experiences with the Cutter vaccine show that voluntary means are totally inadequate. When the Cutter vaccine was recalled in New York City it became known that it was being distributed with favoritism and going to many outside the 5- to 9-year group in which susceptibility to infantile paralysis is greatest.

So the New York press reports that 80 packages of the vaccine had gone to friends, relatives, and employees of those operating the distributing firms. Many doctors reported that they had used the vaccine on their own children. And it was disclosed that some adults, who need it least, were inoculated.

The New York Herald Tribune has performed a valuable public service with a front-page editorial entitled "An Editorial on Polio: Washington Must Act." The program advocated in that editorial coincides with most of the provisions of S. 1691. I had intended to ask unanimous consent to have the editorial printed at this point in the RECORD, but I understand the Senator from Minnesota [Mr. HUMPHREY] has had it printed in the RECORD and referred to the Committee on Labor and Public Welfare; so I shall not make the request. But, Mr. President, I ask unanimous consent to have printed in the RECORD statistics on the incidence of polio by age group and the expected vaccine supply in the next few months.

There being no objection, the statistics were ordered to be printed in the RECORD, as follows:

Polio incidence in 1954

Age group	Number of children ¹	Number of cases	Cases per 100,000
Under 5 years.....	17,807,000	9,608	54.0
5 to 9 years.....	16,347,000	10,576	64.7
10 to 14 years.....	12,886,000	5,811	45.1
15 to 19 years.....	11,055,000	3,254	29.4

¹ July 1, 1954.

Estimated vaccine supply

	Expected production	Cumulative total supply	Cumulative total immunizations
	Million cubic centimeter	Million cubic centimeter	Million of children
On hand Apr. 12.....		27	13.5
Production Apr. 12 to May 1.....	6.75	33.8	16.9
Production in May.....	13.5	47.3	23.6
Production in June.....	13.5	60.8	30.4

Present child population

	Mar. 1, 1955	Cumulative by age groups
1 to 5 years ¹	14,955,000	14,955,000
5 to 9 years.....	16,872,000	31,827,000
10 to 14 years.....	13,181,000	45,008,000
15 to 19 years.....	11,150,000	56,158,000
Under 1 year.....		4,037,000
Total, under 20.....		60,195,000

Polio contributions through March of Dimes in 17 years, \$367,000,000.

¹ This excludes children under 1, because the polio "attack rate" for them is low.

Attack rate of polio in 1954

[Based on hospital admissions]

Age:	Per 100,000
Under 1.....	11
1-2.....	33
2-3.....	39
3-4.....	40
4-5.....	42
5-6.....	44
6-7.....	44
7-8.....	39
8-9.....	42
9-10.....	33
10-11.....	31
11-12.....	29
12-13.....	32
13-14.....	27

Mr. MORSE. Mr. President, as I said when I introduced my bill, I am not wedded to it. I am perfectly willing to accept any reasonable amendment to the bill, but it is perfectly clear that during this period of shortage in supply of vaccine, a supply which will perhaps last about 12 or 14 months, the Federal Government has an obligation to protect the boys and girls who are most susceptible to polio; namely, those who happen to be in the age group of from 5 to 12 years.

Mr. President, I advocate that the Federal Government take over the distribution of polio vaccine until such time as there is enough for all. We must not adopt anything which would produce a danger of socialization of medicine. But it is perfectly absurd for anyone to argue that the creation of a temporary bureau to control the distribution of the vaccine involves any danger of socializing medicine. What is necessary, Mr. President, is that the Congress and the administration live up to their obligations to the American people. When we have this great opportunity to speed up the means for checking polio, we cannot stand by and be responsible for a single boy or girl suffering an attack of this dread disease if it can be avoided by making the vaccine available under Government distribution.

I have provided in my bill the checks for the medical profession and the pharmaceutical houses and health groups to see to it that there is no danger that the Government is going into the business of medicine, but that it is only going to exercise its police powers in a way that will bring the greatest safety to the boys and girls of the United States.

Mr. President, the figures show that the highest polio rate occurs in the 5-to-9 age group. There are approximately 16.4 million children in this age group. By May 1, the estimated supply of vaccine

was to be sufficient to immunize 16.9 million persons.

The supply now on hand just about equals the needs of the children who are in the greatest danger.

By July 1, there will have been a total production of vaccine for 30.4 million immunizations, not enough to meet the needs of all children under 10. Children under 1-year old are happily not greatly in need.

But it is obvious that effective allocation and priority control are needed immediately.

It hardly makes sense to burden every State and community with the task of attempting control. This is a national problem and should be met by Federal action.

The time to act was last month. But we should move immediately to enact the necessary legislation. I have no pride of authorship in my bill. It contains, however, some good features. The Senator from North Dakota [Mr. LANGER] and two House Members have also introduced bills on the subject. They should be considered immediately, brought to the floor this week, and enacted.

The Senate Committee on Labor and Public Welfare should go to work within the hour to see to it that Congress lives up to the responsibility of saving the boys and girls of this Nation.

Mr. LEHMAN. Mr. President, like my colleague from Oregon, I read the editorial which appeared in the New York Herald Tribune. Immediately on reading it, I prepared a statement which categorically outlined my own point of view as to the course Congress should follow. The statement reads as follows:

I believe the Herald Tribune of New York, in its fine editorial on polio which appeared this morning has rendered a highly important national service.

I favor and will support any Federal legislation that may be necessary to insure equitable distribution of Salk vaccine so as to make it available free as promptly as possible to all children, regardless of their age or other conditions.

I also favor and will support any Federal legislation necessary to prevent black markets and price gouging.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that during the discussion of House bill 1 two technicians from the Department of State, namely, Thorston V. Kalijarvi, Deputy Assistant Secretary, and Carl D. Corse, Chief of the Trade Agreements and Treaties Division of the Office of International Trade and Resources, may have the privileges of the floor of the Senate. Their presence on the floor will enable them to be readily available to furnish technical information in regard

to the operation of the trade-agreements program.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I ask unanimous consent that the committee amendments to H. R. 1, the Trade Agreements Extension Act of 1955, be agreed to en bloc, and that the bill as thus amended be considered as the original text for the purpose of further amendment by any Senator who may desire to propose an amendment either to a committee amendment or the original bill.

Mr. BARRETT. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. BARRETT. As I understand, after the committee amendments have been agreed to, the bill, including the committee amendments, will be considered to be a new bill, and will be subject to amendment.

Mr. BYRD. The Senator is correct. That is the customary practice.

Mr. BARRETT. I have no objection.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and the request of the senior Senator from Virginia is agreed to.

CONDITIONS IN SOUTH VIETNAM

Mr. MANSFIELD. Mr. President, the opposition to the Nationalist Government of Ngo Dinh Diem, which has never ceased in underground conspiracy and sabotage, has now come out in an open military action designed to destroy that Government. There has already been considerable fighting and bloodshed in the streets of Saigon.

For a time the Vietnamese Government appeared to be making some progress in consolidating the non-Communist position in South Vietnam. Headed by Ngo Dinh Diem, that Government has had the full cooperation of the United States.

From its inception the Diem government made clear that it was dedicated to the independence and welfare of the people of Vietnam. Because it was, it antagonized powerful forces, native and otherwise, in Saigon-Cholon. For the first time, the Viet Minh Communist forces in the north found themselves confronted with an opposition which had some chance of capturing the loyalties of the Vietnamese people which they had monopolized by default prior to its advent.

As Members of the Senate may recall, I have visited Vietnam during the course of two study missions in Indochina and have reported my observations to the Committee on Foreign Relations. I have also spoken on the situation in Indochina from time to time in this body.

I have not been in Vietnam since last September, and I do not know the full details of the present crisis. I assume that the President and the Secretary of State do have those details since they bear responsibility for fitting our policy to developments in Vietnam.

Recent news reports from Saigon and elsewhere, however, give a general picture of what has been going on in south Vietnam. They tell of French dissatis-

faction with the Diem government and the bitter animosity of various sects and other groups toward that government because of its attempts to curtail their independent power and revenue. The Diem government has been portrayed for weeks as on the verge of overthrow, with its Premier unable to consolidate his authority in the country.

They also tell of the incredibly sordid situation which the nationalist government inherited after the Geneva truce. They tell of the near anarchy in the south and the callous corruption in Saigon. They do not tell of the constant efforts to undercut the Government by an undercover conspiracy that operates back and forth between the French Riviera and the city of Saigon-Cholon.

Now that conspiracy has finally come out in the open. We see the incredible spectacle of the Premier of the Government, Ngo Dinh Diem, being summoned to Paris in the midst of a revolt precipitated by racketeers. We see the incredible spectacle of a military leader who had sought refuge among the racketeers being appointed by a chief of state in Cannes over the head of the premier as commander of the national army which is supposed to suppress the racketeer's revolt.

Fortunately, over the weekend, some answers have been given to these questions, because Ngo Dinh Diem has refused to go to the Riviera to meet with Bao Dai, the chief of state, because he knew very well that the reason for the conference which had been called was to bring about his dismissal.

So far as General Vy, the inspector general, is concerned, he was appointed by Bao Dai to head the national army over the head of the Premier. He had come into power in Saigon over the weekend for 10 or 12 hours, but, fortunately, he is now out, the troops who went out with him have gone back to the national army, and General Vy has fled to Dalat, 240 miles to the northeast.

There is nothing new in this picture, except the open fighting. It is precisely the kind of situation with which the Diem government has had to contend since the outset. There is nothing in it which would lead me to revise the conclusions which I reached last year. On October 15, I reported those conclusions to the Committee on Foreign Relations. I should like to reemphasize them at this time by reading pertinent sections:

A year ago, the principal requirements for the success of our policy with respect to Indochina were political. These requirements, full independence and effective internal government, notably in Vietnam, have not been effectively fulfilled. The failure in this respect appears also to have been accompanied by a consistent underestimating of both the political and military strength of the Viet Minh, on the part of practically all concerned. In consequence, the situation has seriously deteriorated.

The United States shares responsibility for the reversal in Indochina. We should not make the mistake, however, of assuming all the blame. We gave material aid unstintingly, but its value was dissipated by inadequacies elsewhere. I report this, not so much in criticism—I am fully aware of the great contributions to the common cause made by sincere French officials and sincere

Vietnamese nationalists—but rather to make clear that this country has discharged the commitments which it was asked to make last year and which it agreed to make. At that time it was not asked to commit and was even discouraged from committing manpower in Indochina. Not until the crisis of Dien Bien Phu did the question even arise. Then the pressures of American opinion operating largely through Congress discouraged a hasty, ill-conceived involvement. Our share in the defense of Indochina was clearly understood at the outset to be the supply of material aid only and we quite properly insisted that this understanding be maintained. The situation in Indochina is only one of the many crises that confront us and the burden of sustaining freedom in the world must be equitably borne.

At present, there appears to be, at best, scant hope of achieving the objectives of our policy in Indochina in the near future, with Cambodia the only exception to this conclusion. The present Government of Vietnam which is based on the sound principles of national independence, an end to corruption, and internal amelioration, is immobilized largely by a squabbling, plotting opposition. Its critics complain of the personality of the leader of that government. In view of the numerous and varied personalities who have occupied the presidency in Saigon during the past 2 or 3 years without tangible results, it seems more likely that the real question is one of dissatisfaction with the principles of the Diem government rather than the inadequacies of his personality.

Should the Diem government be forced out of office it is doubtful that under the pressure of time a more satisfactory substitute, subscribing to the same principles to which he does, will be found. Yet these principles must prevail in South Vietnam, if an alternative to the Communist Vietminh that is likely to be acceptable to the people of Vietnam is to exist. Any replacement of Diem at this time, if it occurs, will probably take the form of a military dictatorship based upon a coalition of the special interests, parties, and groups which now oppose the present Government. It is improbable that the substitute will be the kind of Government which will be generally supported by the Vietnamese people any more than the pre-Diem governments were. Nor is it likely to be a Government capable of sustaining a free and independent Vietnam eventually without foreign support. It was to develop that kind of Vietnam that the United States made available hundreds of millions of dollars of aid. In my view, only that kind of Vietnam can achieve the purpose of our policy in Indochina, which, in the final analysis, is its freedom and the consequent enhancement of our own security.

In the event that the Diem government falls, therefore, I believe that the United States should consider an immediate suspension of all aid to Vietnam and the French Union forces there, except that of a humanitarian nature, preliminary to a complete reappraisal of our present policies in Free Vietnam. Unless there is reasonable expectation of fulfilling our objectives, the continued expenditure of the resources of the citizens of the United States is unwarranted and inexcusable.

Two parts of those conclusions should be underlined in connection with the present crisis. They bear directly on it.

1. Should the Diem government be forced out of office, it is doubtful that a more satisfactory substitute subscribing to the same principles which he does, will be found. Yet those principles must prevail in south Vietnam, if an alternative to the Communist Vietminh that is likely to be acceptable to the people of Vietnam is to exist.

old French colonialism; and, as the Senator from Montana has pointed out, the forces are diabolical, sinister, and corrupt. Certainly this is one time when we should be as clear as it is possible to be in stating and maintaining our policy; and we should make it impossible for anyone to misinterpret it. I say this because of what I consider to be the on-again, off-again attitude of our Government regarding the Formosan situation.

Time after time I have heard, on one day, that we had pledged the defense of Quemoy and Matsu, and then that we did not pledge it. I have heard, for example, that we were going to station troops upon Formosa, and then that we were not.

Once these policies are made clear, we should stick with them. We should stand firm. During the past few weeks I have become somewhat sympathetic toward the Chinese Nationalist leader. He has been led uphill and down again. The point this Senator has made time after time, regardless of his differences with the administration policy in connection with some of these matters, is that we should make our policies clear. We cannot please everyone. If we intend to defend Quemoy and Matsu, for example, let us say so. Let us not say one thing to the Foreign Minister of Nationalist China and another thing to the American press. Let us not say one thing one day and another the next day, as was done, for example, in connection with the so-called conference with the Red Chinese leader, Chou En-lai.

On Saturday last our State Department said there would be a conference only if Nationalist China attended. On Tuesday at the press conference, it was said that Nationalist China might be represented there or might not be, but that it really was not important. As an individual, I happen to agree with the latter position. But who knows what our policy is? All I am asking is that we make our policies clear. We are not only confusing the enemy with this kind of uncertainty; we are confusing our friends, which is inexcusable. Our friends ought to know where we stand. In this instance, thank God, the situation has been cleared up. I think the Senator from Montana has rendered a distinct service in pointing out the alternatives, which are few. As a practical matter, there is no alternative except to support the Diem government in Saigon, in free Vietnam.

Mr. MANSFIELD. I thank the Senator from Minnesota. As I see it, there is no alternative to supporting the Diem government. I certainly hope we shall not lead Diem up the hill and then down again. Our support should be unwavering, and to the hilt. We ought to recognize that this man has made a great contribution toward stopping the spread of Communist ideology in southeast Asia. He, the French, and the Americans have been responsible for the repatriation of approximately 800,000 refugees from Communist-held and Communist-dominated north Vietnam into the south. He hopes to get out 250,000 more refugees by May 16, which

is 14 days away. On that date the port of Haiphong will be turned over to the Communists, and they will exercise control there.

So I hope our Government, in the person of General Collins, our Secretary of State, and the President will see to it that the support of Ngo Dinh Diem, the present Premier of free Vietnam, is continued, and that we shall be able to give him every possible assurance that we are behind him to the limit.

Mr. President, I yield the floor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 37. An act to amend the act increasing the retired pay of certain members of the former Lighthouse Service in order to make such increase permanent;

S. 948. An act to provide transportation on Canadian vessels between ports in southeastern Alaska, and between Hyder, Alaska, and other points in southeastern Alaska or the continental United States, either directly or via a foreign port, or for any part of the transportation; and

S. 1094. An act to amend section 402 of the Federal Employees Uniform Allowance Act, approved September 1, 1954.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 5239) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1956, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WHITTEN, Mr. MARSHALL, Mr. DEANE, Mr. NATCHER, Mr. CANNON, Mr. H. CARL ANDERSEN, Mr. HORAN, Mr. VURSELL, and Mr. TABER were appointed managers on the part of the House at the conference.

ENROLLED JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the joint resolution (H. J. Res. 107) to permit the United States of America to release reversionary rights in a 36,759-acre tract to the Vineland School District of the county of Kern, State of Oklahoma, and it was signed by the Acting President pro tempore.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. HUMPHREY. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MARTIN of Pennsylvania in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMITH of New Jersey. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, on behalf of the Committee on Finance, I submit the following statement on the bill H. R. 1.

The Committee on Finance, to whom was referred the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill, as amended, do pass.

H. R. 1 continues for 3 years the trade agreements program initiated in 1934. During the 20 years of its operation United States trade and the trade of the nations with which we have made agreements has expanded and international commercial relations have greatly improved.

The United States has an ever-growing surplus of the products of our farms and factories which must find markets abroad. Other nations need and desire our exports and are eager to negotiate for mutually lower restrictions on trade. The importance of the trade agreements program as a factor for expanded world trade has come to be accepted by the leading free nations of the world.

The President in his speech of April 25, 1955, emphasized the importance of foreign trade to the economy of the United States:

Trade expands markets for the increased output of our mines, our farms and our factories. In return we obtain essential raw materials and needed products of the farms and factories of others. Likewise, the markets provided here for the products of other free world countries enable them to acquire from us capital equipment and consumer goods essential to their economic development and higher living standards.

American agriculture sells abroad from one-fourth to one-third of major crops such as wheat, cotton, and tobacco. Without these export markets there can be, under current conditions, no enduring prosperity for the American farmer.

American factories and labor likewise have an important stake in foreign trade. Last year this country sold over \$9 billion of industrial products abroad. Over 3 million workers—American workers—are directly dependent on exports for their jobs. Jungles the world round are being tamed today by American bulldozers; new mines are being opened by our drills and equipment; fields that have been cultivated by hand for centuries are yielding new harvests to our agricultural machines; our automobiles, trucks, and buses are found wherever there are roads; and new industries to employ the teeming millions within the underdeveloped nations are being equipped with our machine tools.

The committee recognizes the need for a planned and well-organized program so that trade expansion can be obtained without serious injury to any segment of our economy. The President also recognized this need in his speech when he said:

The expansion of our foreign trade should proceed on an orderly basis. Reductions in tariffs and other trade barriers, both here

and abroad, must be gradual, selective, and reciprocal. Changes which would result in the threat of serious injury to industry or general reduction in employment would not strengthen the economy of this country or the free world. The trade measures that I have recommended to the Congress were prepared in recognition of these facts.

The bill as reported by the committee continues the trade-agreements program and strengthens the safeguards against serious injury to the country's economy.

SUMMARY

At this point I should like to give a summary of the bill, as amended by the Committee on Finance.

H. R. 1 continues to June 30, 1958, the authority of the President to enter into trade agreements. The present authority—extended by Public Law 464, 83d Congress—terminates on June 12, 1955. In addition to the extension of the trade-agreements authority, the principal features of H. R. 1, as reported by the committee, are as follows:

First. The President would be authorized to negotiate tariff reductions by either of two alternative methods, which may not be used cumulatively.

(a) The first method authorizes the President to reduce, by a total of 15 percent, tariff rates existing on January 1, 1955, in stages of not more than 5 percent of such rates in each of the 3 years of the authority;

(b) As an alternative, the President is authorized to reduce those rates which are higher than 50 percent of the value of an import to a rate not less than 50 percent, in stages of not more than one-third of the reduction in any 1 year.

The committee desires to emphasize that this authority is subject to all requirements of existing law for full public notice—including a list of products on which concessions might be made by the United States—public hearings, peril-point determinations, and escape-clause procedures—as modified by the committee.

Second. In the case of the proposal for a trade agreement announced on November 16, 1954, the bill authorizes the same decreases in rates of duty as are authorized by existing law—50 percent of the rate existing on January 1, 1945—even though the agreement is signed after June 12, 1955.

Third. The peril-point and escape-clause sections of the law were amended to make more specific the definition of what constitutes an industry. The escape clause was further amended to make more specific the extent to which imports must affect an industry before injury can be determined.

Fourth. The President is given authority to adjust imports whenever he finds, after investigation, that an article is being imported, in such quantities as to threaten to impair the national security.

I believe it may be safely presumed that, in the conduct of the investigation, interested parties will be given an opportunity to be heard to present evidence.

Fifth. The President would be required to submit to Congress an annual report on the operation of the trade-agreements program. The bill, as re-

ported, would require the Tariff Commission to continue to make the report on the program now being made under Executive order.

Sixth. Reports of the Tariff Commission containing recommendations for escape-clause action are required to be made public upon submission to the President.

AMENDMENTS TO HOUSE BILL

I now refer to the amendments which were added to the bill by the Committee on Finance.

H. R. 1 as passed by the House was amended by the committee as follows:

First. The House bill specified certain types of general provisions which may be included in a trade agreement and provided that no such provision should be given effect in a manner inconsistent with existing legislation of the United States. The committee deleted this language. The committee also changed the bill so as to make clear that its enactment should not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade—GATT. These changes bring the language of the bill into conformity with that used in prior extensions, and do not change the authority contained in existing law. They were made in the light of the fact that there is a pending House bill—H. R. 5550—authorizing United States membership in the Organization for Trade Cooperation which would administer the General Agreement on Tariffs and Trade.

Second. As passed by the House, the bill provided that rates of duty existing on July 1, 1955, could be reduced by 15 percent. This date has now been changed to January 1, 1955. Thus, the new 15-percent authority would not be applicable in the case of any product whose duty is reduced by 15-percent or more in the negotiations presently going on in Geneva. These negotiations are concerned with a wide range of commodities. Appropriate revisions were made in other sections of the bill to reflect this change in the base date for the 15-percent authority.

Third. The authority to reduce duties by 50-percent of the January 1, 1945, level in the case of articles normally not imported or normally imported in negligible quantities was deleted.

Fourth. The committee deleted those portions of the bill which authorized the President to round out rates of duty to an extent not exceeding one-half of 1 percent ad valorem, in making changes in rates.

Fifth. Also deleted was the provision in the House bill providing that the President should avoid to the extent practicable the subdivision of classification categories.

Sixth. The committee added a provision requiring the Tariff Commission to submit a factual report to the Congress at least yearly on the operation of the trade agreements program.

Seventh. The committee also added a provision requiring the Tariff Commission to make public immediately, upon transmission to the President, its find-

ings and recommendations in escape-clause proceedings, including any dissenting or separate findings, and to cause a summary to be published in the Federal Register.

Eighth. The committee added provisions to the House bill relating to the determination of injury for the purpose of escape-clause action and defining domestic industry for peril-point determinations and escape-clause cases.

Ninth. The committee had before it several proposals dealing with specific commodities, namely petroleum, fluor-spar, lead, and zinc. In lieu of specific action on each of these, the committee adopted an amendment which specifies that the Director of the Office of Defense Mobilization shall report to the President when he has reason to believe that imports of a commodity are entering the United States in such quantities as to threaten to impair the national security; that the President shall cause an immediate investigation to be made if he feels there is reason for such belief; and that the President, if he finds a threat to the national security exists, shall take whatever action is necessary to adjust imports to a level that will not threaten to impair the national security.

The committee believes that this amendment will provide a means for assistance to the various national-defense industries which would have been affected by the individual amendments presented.

The White House issued on February 26, 1955, a report based on a study by the President's Advisory Committee on Energy Supplies and Resources Policy which indicates the importance of a strong domestic petroleum industry.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks the President's Advisory Committee report to which I have just referred.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

An expanding domestic oil industry, plus a healthy oil industry in friendly countries which help to supply the United States market, constitute basically important elements in the kind of industrial strength which contributes most to a strong national defense. Other energy industries, especially coal, must also maintain a level of operation which will make possible rapid expansion in output should that become necessary. In this complex picture both domestic production and imports have important parts to play; neither should be sacrificed to the other. Since World War II importation of crude oil and residual fuel oil into the United States has increased substantially, with the result that today these oils supply a significant part of the United States market for fuels.

The committee believes that if the imports of crude and residual oils should exceed significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense. There would be an inadequate incentive for exploration and the discovery of new sources of supply.

In view of the foregoing, the committee concludes that in the interest of national

defense imports should be kept in the balance recommended above. It is highly desirable that this be done by voluntary, individual action of those who are importing or those who become importers of crude or residual oil. The committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention.

The committee recommends, however, that if in the future the imports of crude oil and residual fuel oils exceed significantly the respective proportions that such imported oils bore to domestic production of crude oil in 1954, appropriate action should be taken.

The committee recommends further that the desirable proportionate relationships between imports and domestic production be reviewed from time to time in the light of industrial expansion and changing economic and national-defense requirements.

In arriving at these conclusions and recommendations, the committee has taken into considerations the importance to the economies of friendly countries of their oil exports to the United States as well as the importance to the United States of the accessibility of foreign oil supplies both in peace and war.

Mr. BYRD. Mr. President, although no similar study is presently available for fluorspar or lead and zinc, the committee feels that the Director of Defense Mobilization will be cognizant of the serious situation existing in those industries.

Congress can initiate and adopt such legislation as it might deem advisable should the action needed to protect these essential industries not be taken.

One commodity amendment would have changed the tariff classification of hardboard, a commodity which would not be covered by the amendment noted above. The committee, without in any way prejudicing the hardboard amendment did not vote on it because it concerns a matter of tariff classification and might better be taken up separately or in conjunction with some more closely related legislation. The merits of the hardboard amendment were therefore not voted upon.

An amendment was offered by Senator SMATHERS which would require the State Department to take positive action to protect exports of agricultural products from discriminatory practices engaged in by countries with which the United States has entered into reciprocal trade agreements. The amendment was withdrawn when it was agreed by the committee that it would be more appropriate for a statement to be made in the report expressing the wish of the committee that responsible officials in the executive branch of the Government make a full investigation and take appropriate action.

CHANGES IN EXISTING LAW

H. R. 1, as amended, changes existing law in the following respects:

First. It extends the period during which the President is authorized to enter into trade agreements from June 12, 1955, until the close of June 30, 1958.

Second. The bill provides for changes in the existing limits on the President's authority to change rates of duty.

Mr. President, I ask unanimous consent that a statement showing the differences between existing law and the changes made by H. R. 1 as reported by

the Finance Committee be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

LIMITS ON PRESIDENT'S AUTHORITY TO CHANGE RATES OF DUTY

UNDER PRESENT LAW

1. Duties may be increased by up to 50 percent of the duty existing on January 1, 1945.
2. No transfers of articles may be made between the dutiable and free lists.
3. Any rate may be decreased by up to 50 percent of the duty in existence on January 1, 1945.
4. Not in existing law.
5. Not in existing law.

UNDER H. R. 1 AS REPORTED BY FINANCE COMMITTEE

1. No change.
2. No change.
3. This authority expires on June 12, 1955, except that under H. R. 1 it may be used in order to give effect to the results of the negotiations, notice of which was published on November 16, 1954.
4. Authority to reduce rates existing on January 1, 1955, by 15 percent over the 3-year period of the bill (reductions of no more than 5 percent of the January 1, 1955, rate may be made in any one year).
5. Authority to reduce rates above 50 percent ad valorem down to 50 percent ad valorem (no more than one-third of any such decrease of over 15 percent may be made in any one year).

Mr. BYRD. Mr. President, no part of the authorized 15 percent decrease in duty may become initially effective after June 30, 1958. However, if any part of the decrease has become effective and then the decrease is suspended for a period because of an escape-clause action, the period of time the decrease is not in effect is to be excluded in determining when the 3-year period expires.

Third. Under existing law the President "may" suspend the application of concession rates to the products of countries that discriminate against American commerce or engage in other conduct tending to defeat the purpose of section 350. The bill as reported provides that the President "shall as soon as practicable" suspend such application in like circumstances.

Fourth. Under the bill as reported the President is required to submit to Congress an annual report on the trade-agreements program. The report is to contain among other things information on modifications of trade agreements including a report on the inclusion of escape clauses in existing agreements and information relating to agreements entered into. An additional amendment removes the existing requirement that the President report semiannually regarding action taken to incorporate escape clauses into existing agreements.

Fifth. The annual report to the Congress by the Tariff Commission on the operation of the trade-agreements program now required by executive order is, under the bill, made a statutory requirement.

Sixth. The existing escape-clause procedure has been amended to require the Tariff Commission to immediately make public its findings and recommendations to the President, including any dissent-

ing or separate findings and recommendations.

Seventh. The escape-clause procedure is further amended to require that in the determination of serious injury "increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Tariff Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry."

Eighth. Under existing law there is no definition of what constitutes a domestic industry for the purpose of peril-point determinations and escape-clause procedure. The bill as reported in effect defines a domestic industry to mean "that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles." It is also provided that where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, "distinguish or separate the respective operations of such business enterprise for the purpose of determining injury."

Ninth. The law has been amended to give the President authority to take such action as he deems necessary to adjust the imports of any article to a level that will not threaten to impair the national security. Such action may be taken only after the completion of a factual investigation. Responsibility for advising the President when there is reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security is vested in the Director of the Office of Defense Mobilization.

Mr. President, I ask unanimous consent to have printed as a part of my remarks a technical analysis of H. R. 1 as amended by the Finance Committee.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

TECHNICAL ANALYSIS OF H. R. 1 AS REPORTED

The first section of the bill provides that the bill when enacted may be cited as the Trade Agreements Extension Act of 1955.

Section 2: This section extends the period during which the President is authorized to enter into foreign trade agreements for an additional period, from June 12, 1955, through June 30, 1958.

Section 3: This section amends section 350 of the Tariff Act of 1930, as amended, which contains the basic authority to enter into and carry out trade agreements.

Subsection (a) of section 350, containing five numbered paragraphs, is set forth in the bill in its proposed amended form.

Paragraph (1) of subsection (a) sets forth the purpose for which the President may enter into trade agreements. The text preceding subparagraph (A) repeats existing law.

Subparagraph (A) of paragraph (1) authorizes the President to enter into foreign trade agreements with foreign governments or instrumentalities thereof.

Subparagraph (A) of paragraph (1), as amended by the committee, contains a proviso, stating that the enactment of this bill

shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

Subparagraph (A) makes no change in existing law.

Subparagraph (B) of paragraph (1), authorizing the carrying out of trade agreements by proclamation, makes no change in existing law. The authority to carry out trade agreements by proclamation is no broader (and no narrower) than under existing law (the terms of which are identical with the terms of subparagraph (B)).

Paragraph (2) of subsection (a) is divided into subparagraphs (A), (B), (C), and (D).

Subparagraph (A) continues unchanged the present prohibition against increasing any rate of duty to a rate more than 50 percent above the rate existing on January 1, 1945.

Subparagraph (B) continues unchanged the present prohibition against imposing a duty on a duty-free article or exempting from duty a dutiable article.

Subparagraph (C) continues unchanged (with respect to trade agreements entered into before June 12, 1955) the present prohibition against decreasing any rate of duty to a rate lower than 50 percent below the rate existing on January 1, 1945. As noted above, a committee amendment to this subparagraph continues this authority with respect to the negotiations involving Japan now going on in Geneva, notice of which was published on November 16, 1954.

Subparagraph (D) fixes maximum limits on decreases in rates which may be made to carry out trade agreements entered into on or after June 12, 1955. A rate of duty may be reduced under two alternative methods which are set out in clauses (i) and (ii). These alternatives are not cumulative but the President may decrease a rate to the lowest of the rates resulting from application of either of the alternative methods.

Clause (i) authorizes decreases in any rate to 15 percent below the rate existing on January 1, 1955 (that is, to a rate which is 85 percent of the rate existing on January 1, 1955).

Clause (ii) authorizes decreases in rates of duty which are higher than 50 percent ad valorem (or equivalent) to 50 percent ad valorem (or equivalent). In the case of articles subject in whole or in part to a specific rate of duty (i. e., 5 cents per pound, or 5 cents per pound plus 20 percent ad valorem), the determination of whether a rate of duty is higher than 50 percent ad valorem, and the determination of a rate equivalent to the 50-percent ad valorem rate to which it may be reduced, will be made by the President on the basis of the value of imports of such products during a period which he finds is representative. In making such determination, the President is to be guided, to the maximum extent practicable, by the standards of valuation for customs purposes contained in section 402 of the Tariff Act of 1930, as the provisions of that section exist during the representative period. The reference to the standards of valuation contained in section 402 of the Tariff Act of 1930 is to make it clear that no action may be taken under the second sentence of this clause which would result in any change in existing rules for determining the basis on which any ad valorem rate of duty is to be assessed. For example, if a rate of 50 percent ad valorem is established pursuant to such second sentence with respect to an article subject to a rate of duty any part of which may be based on American selling price (as defined in sec. 402 (g) of the Tariff Act of 1930), the new rate would be subject to application on the basis of American selling price in the same manner as the ad valorem rate is applied under existing law.

Paragraph (3) of subsection (a), divided into subparagraphs (A), (B), and (C) establishes procedures for giving effect gradually (at intervals of at least a year) to decreases (under the two alternatives in paragraph (2) (D)) in rates made pursuant to agreements entered into on or after June 12, 1955.

Subparagraph (A), except as limited by subparagraphs (B) and (C) of paragraph (3), continues in substance the provision of existing law that the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation.

Subparagraph (B) fixes the time limits within which the decreases in rates authorized by subparagraph (D) of paragraph (2) described above may be made effective. These time limits are as follows: A decrease of no more than 5 percent of the rate existing on January 1, 1955, may become initially effective at one time if the total amount of the decrease is 15 percent or less. If the total amount of the decrease is greater than 15 percent, no more than one-third of the decrease may become initially effective at one time. In the case of either of the two alternatives, no part of the decrease after the first part can become initially effective until the immediately previous part has been in effect for at least 1 year.

Subparagraph (C) provides that (subject to an exception stated in the second sentence of the subparagraph as explained below) no decreases under the first alternative method (the 15-percent decrease authority) may be made effective after the expiration of the 3-year period which begins on July 1, 1955 (that is, after June 30, 1958). The result of this limitation, when applied with the 1-year requirement for each decrease, is that the full 15-percent decrease under the first alternative cannot be made unless the first 5-percent decrease takes effect before July 1, 1956. Subparagraph (C) does not apply to the alternative (the authority to reduce a rate to 50 percent ad valorem). The exception to the June 30, 1958, deadline in the case of the first alternative method (the 15-percent decrease authority) relates to the situation where, by reason of legislation of the United States or action thereunder, a decrease which had been made by virtue of the exercise of that authority and given effect, and which was thereafter nullified, could be reapplied (and its successive stages, if any, applied), even though the 3-year period extended beyond June 30, 1958. The following illustrates the application of subparagraph (C) in a case where the first decrease takes effect before July 1, 1956:

(1) Assume the following:

(A) The first 5-percent decrease takes effect on April 15, 1956, and remains in effect until the close of November 30, 1956 (a total of 230 days).

(B) On December 1, 1956, the reduced duty is increased as a consequence of an escape-clause action.

(C) The duty resulting as a consequence of the escape-clause action remains in effect through May 31, 1957 (a total of 182 days).

(D) On June 1, 1957, the decreased rate is restored.

(2) Under the facts stated in paragraph (1) above, the 5-percent decrease will not have been in effect for a total period of 1 year until the close of October 13, 1957. Thus, if the second decrease is to become effective it must become effective no earlier than October 14, 1957, and no later than December 29, 1958 (182 days after June 30, 1958). In order to permit the third decrease to become effective, the second decrease must become effective on or before December 29, 1957.

(3) If the second decrease takes effect on October 14, 1957, and remains in effect for 1 year through October 13, 1958, then

the third decrease could take effect at any time on or after October 14, 1958, and before December 30, 1958.

Paragraph (4) of subsection (a) provides that trade-agreement concessions shall apply to imports of the goods of all countries, except that the President shall, as soon as practicable, suspend the application of these rates to the products of countries which discriminate against American commerce or engage in other conduct tending to defeat the purpose of section 350. As under existing law, this provision is subject to section 5 of the Trade Agreements Extension Act of 1951, which requires the President to withdraw benefits of trade-agreement concessions to imports from U. S. S. R. and from any nation or area dominated or controlled by the foreign government or foreign organization controlling the world Communist movement.

Paragraph (5) of subsection (a) authorizes the President to terminate at any time in whole or in part, any proclamation made pursuant to section 350. This continues a provision of existing law; it has been moved to this separate paragraph solely for reasons of clarity.

Subsection (b) of section 3 of the bill amends existing law to make applicable to products of Cuba the new limits of authority to reduce tariffs. In effect, this would permit maintenance of existing margins of preference with respect to such products.

Subsection (c) of section 3 makes necessary technical amendments to subsection (c) of section 350 to conform with substantive changes in other parts of the bill. It is made clear that the limitations on increases or decreases in duty relate to rates of duty other than rates of duty which apply to products only by reason of action taken under section 5 of the Trade Agreements Extension Act of 1951.

Subsection (d) of section 3 adds a new subsection (e) to section 350.

Paragraph (1) requires the President to submit to Congress annually a report on the trade-agreements program as recommended by the Commission on Foreign Economic Policy. The report is to contain, among other things, information on modifications of trade agreements, including a report on the incorporation of escape clauses in existing agreements, and information relating to agreements entered into.

Paragraph (2) requires the Tariff Commission to keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements and to submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program. This will require by law the report of the Tariff Commission heretofore made pursuant to Executive order.

Section 4: This section deletes the requirements now in section 6 (b) of the Trade Agreements Extension Act of 1951 that the President report semiannually regarding action taken to incorporate escape clauses into existing agreements. New developments on this score would be covered by the annual report of the President provided for in the new section 350 (e) described above.

Section 5: This section amends the last sentence of subsection (a) of section 7 of the Trade Agreements Extension Act of 1951 to require the Tariff Commission, in escape clause actions, to make public immediately its findings and recommendations to the President, including dissenting or separate findings, and to cause a summary of the findings to be published in the Federal Register.

Section 6: This section, added by the committee, amends the escape clause procedure and peril point provisions of the existing law.

Subsection (a) amends subsection (b) of section (7) of the Trade Agreements Extension Act of 1951, containing the criteria for arriving at a determination in escape-clause proceedings, by providing that increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

Subsection (b) adds a new subsection (e) to section 7 defining (for the purpose of the peril-point and escape-clause provisions) the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" to mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. It is further provided that where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury.

Section 7: This section, also added by the committee, amends section 2 of the act of July 1, 1954 (the 1954 Extension Act) by adding a new subsection as follows:

"(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security."

Mr. BYRD. Mr. President, I offer a technical amendment, on page 10, line 25.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 10, line 25, following the period, it is proposed to insert quotation marks.

Mr. BYRD. This is purely a technical amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Virginia.

The amendment was agreed to.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. BYRD. I yield.

Mr. PASTORE. Did the committee consider the proposed amendment with relation to making the decisions of the Tariff Commission final, except in cases where the national security was involved?

Mr. BYRD. Yes. There was extensive discussion in the committee about it during the course of its hearings, which lasted almost 60 days. I think all such matters were considered very fully.

Mr. PASTORE. Can the distinguished Senator from Virginia enlighten me as

to the reasons for the rejection of the proposed amendment?

Mr. BYRD. The reason which I think prompted the committee to reject it was that the President should not be bound in making such decisions. This is in harmony with the general procedure of the reciprocal trade agreements program?

Mr. PASTORE. Did the committee feel that a change in the present law with reference to that situation might disturb the whole philosophy behind tariffs?

Mr. BYRD. That was the belief of quite a number of the members of the committee.

Mr. PASTORE. I understand the bill as reported by the Finance Committee amends the bill as it came from the House, to the extent that the 15 percent cannot be further added to any concession made by GATT at the present session at Geneva. Am I correct in that interpretation?

Mr. BYRD. The Senator is correct, if the Geneva reductions are 15 percent or greater.

Mr. PASTORE. There has been an additional improvement made by the Finance Committee in the bill as passed by the House, to the effect that the bill now provides, as an element of evidence before the Tariff Commission, that the Commission shall take into account a threat to American industry. Under the present law, there must be actual injury to American industry. Am I correct in that interpretation?

Mr. BYRD. The Senator is correct that a change was made in the escape-clause procedure.

Mr. PASTORE. I thank the Senator.

Mr. SCHOEPPPEL. Mr. President, will the Senator from Virginia yield for a question?

Mr. BYRD. I yield.

Mr. SCHOEPPPEL. My question relates to page 6 of the report, paragraph (7), which reads:

The escape-clause procedure is further amended to require that in the determination of serious injury "increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the [Tariff] Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry."

I do not pretend to be an expert on the subject, and I certainly am not an expert, but I know that many persons are alarmed about the long-drawn-out procedure or time lag between the making of a complaint to the Tariff Commission, and the date when some actually constructive action is taken or can be taken.

Will the Senator indicate if the committee considered that a time limit was already placed upon the action of the Tariff Commission, or was it thought that the Commission should be given unlimited time in which to investigate?

Sometimes the investigations run into long periods, so far as some of the industries which might be injured are concerned.

Mr. BYRD. A great deal of attention was given to that subject, but it was re-

garded as unwise to impose a time limit within which definitive action had to be taken.

I think probably the investigative machinery of the Tariff Commission could be improved. I agree with the Senator that many investigations have taken entirely too long. But I think we can all agree that to place an arbitrary limit on all investigations would not be practicable, because some investigations require much more time than do others.

Mr. SCHOEPPPEL. I can see some justification for not fixing a positive time limit. It would not be practical to do so in all cases. But the criticism which has been advanced by industries which have been suffering losses heretofore has been the slowness with which the Tariff Commission procedure permits even some type of relief to be suggested or held out as hope.

I simply wonder whether the committee has gone into that question in its hearings. No doubt it has.

Mr. BYRD. The committee went into the question. The law requires that the Tariff Commission shall promptly make investigations and report thereon within 9 months. The existing law provides as follows:

Should the Tariff Commission find, as the result of its investigation and hearings, that a product on which a concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported in such increased quantities—

And so forth. So apparently, the custom is to allow 9 months under the existing law. The bill makes no change in that respect. However, I agree with the views of the Senator from Kansas. I have suggested that the Senate Committee on Finance keep in touch with the Tariff Commission, whenever there is any unreasonable delay, to see if the Commission cannot make its reports more promptly.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. PASTORE. Is it not a fact that under the bill as it came to the Senate from the House, before an industry could petition for relief it first had to be actually injured? As the bill has been reported to the Senate, is it not true that an American industry can petition for relief under the escape clause even when there is a threat that injury will result?

Mr. BYRD. That is correct.

Mr. THYE. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. THYE. I have had considerable correspondence with various producers groups in Minnesota, which have been very much concerned about the injury that might be caused them by undue or heavy imports of dairy products, more especially roquefort cheese, for instance, and also from those engaged in the fabrication of wool, such as the manufacturers of woolen blankets.

In the event there was a threat to those industries by reason of undue imports, the Department of Agriculture could immediately request consideration and action by the Tariff Commission, in

order to stop imports of those commodities in such quantities as might well destroy, some segments of the dairy industry, or even individual business firms, which might be engaged in fabricating woolen blankets, for instance. Does the bill provide such a safeguard?

Mr. BYRD. It does. The President, upon investigation, can impose quotas on agricultural products under section 22 of the Agricultural Adjustment Act.

Mr. THYE. The President may do so. Such action will not have to await the cumbersome process of, first, the Department of Agriculture requesting the Tariff Commission to investigate, and then the Tariff Commission going through lengthy hearings and finally making its recommendation to the President? Can the President impose an embargo, and then have an investigation made?

Mr. BYRD. The President can impose quotas as he deems wise. I shall read to the Senator a list of articles on which quotas have been imposed by the Department of Agriculture. The existing law now provides that on agricultural products, the President has a right to impose quotas after an investigation has been made. He has taken such action in a number of cases.

Mr. THYE. That is true. One complaint, however, was that oftentimes the damage and harm would have been done by reason of carloads of products having been shipped in while the Commission was in process of holding hearings to ascertain the facts and needs of the industry.

Mr. BYRD. During the 19 years in which section 22 has been in effect, the Tariff Commission has been directed to make 12 investigations covering the following commodities:

Raw cotton, cotton products, wheat and wheat flour, edible tree nuts; wool, 2 investigations; certain dairy and other agricultural products, including tung oil; oats, 2 investigations; rye, tung oil, second investigation; and barley.

As a result of investigations under section 22, the President has proclaimed import restrictions on raw cotton, wheat and wheat flour, almonds, filberts, certain cheeses and other dairy products, peanuts and peanut oil, flaxseed and linseed oil; oats; rye; and barley.

The President did not make effective the Tariff Commission's recommendation, submitted early in 1954, for restrictions on wool imports since the administration had earlier submitted to Congress recommendations for a new wool-support program which would eliminate the necessity for such restrictions. The President also did not put into effect the Commission's 1954 recommendations on tung nuts and tung oil because of voluntary export restrictions applied by Argentina and Paraguay.

Mr. THYE. One of the complaints which has always been lodged against the Tariff Commission and against the failure on the part of any administration to act was that the mechanics of the act itself were such that by the time the Tariff Commission had been requested to hold hearings, had completed hearings, and had made recommendations, often the injury had been done; the imports

had come in by boatloads, with resulting damage to a concern, for example, engaged in the fabrication of wool blankets, or to the dairy industry as a whole because of imports of butter or other dairy products. The mechanics of administration were such that it did not make much difference what the action taken was; the harm had already been done. That is one of the complaints which seems to linger in the minds of persons who have written me.

I can share their feeling, because I know what damage the imports which came into this country did to them.

I am in full accord with H. R. 1. I intend to vote for it, and against any crippling amendments. I think the committee has reported a splendid bill. I wish to commend the committee for it. But I should like to make certain that if a hearing should be requested before the Tariff Commission, opportunity to appear would be afforded to those requesting hearings, and that reasonably prompt action would be taken, so that a person or an industry would not be ruined before a determination was finally reached. That is the only question which concerns me. Otherwise, I wish to commend the committee for bringing before the Senate what I think is a fine bill, proposing to extend for 3 years the Reciprocal Trade Agreements Act.

In general, enactment of the bill will make possible freer international trade, which will encourage not only foreign exporters, but likewise any American exporter who would like to get into the field of international trade.

I commend the Senator for the very excellent results of the committee's study and report.

Mr. SALTONSTALL. Mr. President, I wonder if the chairman of the committee will yield to me so that I may ask him several questions.

Mr. BYRD. I yield.

Mr. SALTONSTALL. I believe I know the answers to them, but I should like to have the chairman confirm what I consider to be the answers. As the chairman of the Finance Committee knows, since I wrote him a letter on the subject and the letter went into the committee's record, we have a problem, particularly in Massachusetts and New England, in connection with the textile industry. I should like to ask the Senator 3 or 4 questions which are particularly important to the textile industry and to the men and women who work in that industry.

My first question is whether the effective date for lowering the tariff has been put back by the committee from July 1 to January 1, 1955. Am I correct in assuming that has been done?

Mr. BYRD. The Senator from Massachusetts is correct.

Mr. SALTONSTALL. The purpose of that is, is it not, to have any reductions take place based on what is already in effect and on what we know, rather than to leave open the question of what may be the base on which percentage reductions are taken?

Mr. BYRD. That is correct.

Mr. SALTONSTALL. Furthermore, the provisions regarding the inclusion of GATT, so called, and the new organiza-

tion for trade purposes, have been omitted from the bill, have they not?

Mr. BYRD. They have been stricken from the bill in toto.

Mr. SALTONSTALL. The provision regarding the opportunity for the President to reduce tariffs on goods imported in negligible quantities has also been stricken from the bill, has it not?

Mr. BYRD. It has been stricken from the bill.

Mr. SALTONSTALL. Has the provision regarding imports from Japan, which would allow greater leeway for reduction in tariffs, also been stricken from the bill?

Mr. BYRD. Yes. That appears on page 6 of the report.

Mr. SALTONSTALL. Another provision is that reports of the Tariff Commission are to be made public as soon as they are submitted, so that any interested person may have an opportunity to discuss any matter covered, or write the President of the United States about it. Is that correct?

Mr. BYRD. That is correct. Heretofore the reports were not made public for 60 days. Under the bill the reports are to be made public as soon as they are submitted.

Mr. THYE. Mr. President, if the Senator from Virginia will yield, I should like to say I think that is a strengthening feature of the bill, because it will eliminate the long drag in administrative steps which have occurred in the past.

Mr. BYRD. Furthermore, the bill specifically provides that the Tariff Commission shall report directly to Congress, and the President also shall report directly to Congress. This is the first time legislation of this character includes those two provisions.

Mr. SALTONSTALL. Therefore, it will give opportunity to those who are interested to have full knowledge of what is contained in the report.

Mr. BYRD. Yes. Moreover, it is provided that an annual report shall be made to Congress. Heretofore reports have been made pursuant to an Executive order. I am speaking of the annual reports. I believe the Senator is speaking of the escape clause.

Mr. SALTONSTALL. Yes.

Mr. BYRD. The bill provides that under the escape-clause procedure the Tariff Commission shall make public its findings and recommendations when they are sent to the President. Heretofore they were not made public for 60 days.

Mr. SALTONSTALL. Will the chairman of the committee describe a little more accurately than I perhaps am able to do, the committee's recommendation for redefining what a commodity or industry is, or perhaps both? The definition provides that if one part of an industry may be losing substantially, the Tariff Commission may make recommendations which will aid that part of the industry. Am I correct in that?

Mr. BYRD. The Senator is correct. If one segment of an industry is losing money by reason of importations of products manufactured by that segment of the industry, but the whole industry is making money, there could be redress

for that segment of the industry. A half dozen different articles may be made by a particular segment of a particular industry.

Mr. SALTONSTALL. Is that involved in the so-called peril point or escape clause?

Mr. BYRD. That is involved in both the escape clause and the peril points.

Mr. SALTONSTALL. Are there any other new commodities which are given a peril point, or which are covered by the escape clause, which would help an industry which might be affected in any part?

Mr. BYRD. Here is one, section 6, which the Senator will find on page 12 of the bill. That section reads:

Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

That provision was offered by the Senator from Colorado, who will speak later on the bill and explain it more fully.

Mr. SALTONSTALL. In substance, that provision would liberalize or broaden the definition of what is competition. Is that correct?

Mr. BYRD. Yes.

Mr. SALTONSTALL. This is the final question I should like to address to the Senator. The problem of oil imports is taken care of in the last section of the bill. This gives the opportunity to the President to adjust imports, under restrictive conditions or quotas, after a report by the Director of Defense Mobilization, and after a separate, independent investigation by the President, if he believes the national security is being affected.

Mr. BYRD. That is correct, except the amendment applies to all commodities; it applies not only to oil, but to all commodities.

Mr. SALTONSTALL. It applies to all commodities, does it?

Mr. BYRD. Yes. In other words, it puts other commodities on the same basis as agricultural commodities. It simply leaves to the President the power, in his discretion, to decide whether to impose a quota or to reduce the imports.

Mr. SALTONSTALL. Does that apply to every import of every character?

Mr. BYRD. It does.

Mr. SALTONSTALL. It applies to every commodity which might involve our national security, does it?

Mr. BYRD. Yes.

Mr. SALTONSTALL. Mr. President, let me say to the chairman of the committee and to the ranking minority member of the committee, the distinguished senior Senator from Colorado [Mr. MILLIKIN], that, as one Member of the Senate, I certainly appreciate very much their efforts on this bill, because it is a measure which has caused great concern and worry to those of us in New England. Although we may not have gotten all that we requested—and, of course, we could not expect to do so—nevertheless, to me, as one Senator, the result has brought great relief, because the addition of these amendments gives me a

clear conscience in voting for an extension of the Reciprocal Trade Act.

I only hope that the chairman of the committee, with his customary persistence in matters in which he is interested, and—and I may add this with a smile—almost his obstinacy, will see to it that what the Senate votes for is maintained in conference.

Mr. FLANDERS. Mr. President, will the Senator from Virginia yield to me?

The PRESIDING OFFICER (Mr. CURTIS in the chair). Does the Senator from Virginia yield to the Senator from Vermont?

Mr. BYRD. I yield.

Mr. FLANDERS. I think the question I have in mind may have been answered incidentally during the colloquy between the chairman of the committee and the senior Senator from Massachusetts. In the report, on page 4, in paragraph 9, specific commodities are mentioned, namely, petroleum, fluorspar, lead, and zinc. As I remember, they were the only specific commodities which were discussed before the committee.

Do I correctly understand that if any other commodities whatsoever fall into that category, namely, the category of commodities being imported in such quantities as to threaten to impair the national security, whatever those commodities may be—the remedy in this paragraph will be applicable?

Mr. BYRD. I think the Senator from Vermont is entirely correct. The reason for mentioning fluorspar, lead, zinc, and petroleum was that they were the only concrete proposals before the committee.

But the amendment is very clear; at the bottom of page 13 it provides:

Whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security

And so forth.

Mr. FLANDERS. That seems to be clear. In accordance with that wording, if, for instance, imports of optical goods should seem to threaten the existence of an optical goods industry in this country or to seriously impair its existence, such imports would then be subject to the remedies provided in that section, would they not?

Mr. BYRD. The Senator from Vermont is certainly correct.

Mr. BARKLEY. Mr. President, will the Senator from Virginia yield to me?

The PRESIDING OFFICER (Mr. BIBLE in the chair). Does the Senator from Virginia yield to the Senator from Kentucky?

Mr. BYRD. I yield.

Mr. BARKLEY. In addition to the answer—which is ample—given by the Senator from Virginia, in response to the question asked by the Senator from Massachusetts, I may say that the amendment to which he referred was adopted by the committee in lieu of a number of amendments dealing with special commodities which affect all the States—mine especially; also the State of Virginia, represented, in part, so ably here by the Senator from Virginia; and also Massachusetts, Vermont, West Virginia, and many other States. Instead

of adopting an amendment dealing with the separate commodities, each being dealt with in a separate amendment, and instead of undertaking to impose quotas, the whole subject was left to the discretion of the President, based upon recommendations by the Director of Defense Mobilization as to whether any of the commodities were essential to the national defense.

What might happen under another bill on this matter and what may happen under this bill may be two different propositions.

My own personal view was that I would have liked to see the bill passed in such a way as simply to extend for 3 years the authority of the President to deal with international trade agreements and to work out reciprocal concessions, agreements, and programs which would promote international trade, which is so essential not only to other nations, but also to the United States.

But in lieu of all those separate amendments—in 1 or 2 of which I, myself, was interested from the standpoint of my own State—this amendment was offered, giving the President authority, upon recommendation of the Director of Defense Mobilization, to do these things, if he finds and if the Director of Defense Mobilization finds that the commodities are essential to our national defense. I think it will be easy to prove that many of them are essential to the national defense.

So the amendment was approved by the committee because it sought to place the responsibility where it really ought to be, under the reciprocal-trade arrangement, namely, on the President of the United States, so that he would determine, upon suitable recommendations, whether any of these commodities—many of which were named in separate amendments—were essential to the national defense. If the President finds they are, he can impose such quotas or take such other steps as he may believe to be desirable in order to maintain the national security.

Many Senators felt impelled by local situations and their own obligations to support individual amendments calling for reservations, exemptions, or quotas for particular products. However, the amendment approved by the committee was voted for by an overwhelming majority of the committee, in lieu of the other amendments.

Although this amendment is not entirely satisfactory to everyone, yet in all likelihood it will result in as much benefit as the benefit which would have come by means of the adoption of the separate amendments which would have been offered by various Members of the Senate. I make that statement as a Senator who is particularly interested in some of the products which are affected by the bill and will be affected by whatever the President may do—products which have been rather disastrously affected by imports into the United States.

I think the Senator from Massachusetts will find that the amendment which has been approved in lieu of all the other amendments, will go as far, probably, as it is possible to go in this sort of a

bill, keeping in mind that in the case of the industries of his State and the industries of other States in New England which are particularly involved, no one can know in advance what the President will do, because the President must act on the facts which are submitted to him by those who are named in the bill, headed by the Director of Defense Mobilization, whoever he may be.

I wish to make this explanation as to why some of us voted for this particular amendment, although we have in our own States industries which are affected by importations and by the economic situation brought about by the importations. We thought it wise to accept this amendment to this bill, as contrasted with another kind of bill. After all, the pending bill provides for a simple extension of the Reciprocal Trade Act, thus authorizing the President to do these things. Under this bill, that authority would be extended for 3 years. Let me say that I think it could not wisely be extended for less than 3 years, for otherwise no agreements would be entered into, inasmuch as no one is able to know what any one year will bring forth.

So I think the Senator from Massachusetts is wise, as he usually is, in accepting this suggestion, as it presents itself in connection with a bill of this sort.

Mr. SALTONSTALL. Mr. President, will the Senator from Virginia yield once more to me, so that I may make a brief statement?

Mr. BYRD. I yield.

Mr. SALTONSTALL. Mr. President, let me say that I appreciate what the Senator from Kentucky has said, for it seems to me that the amendment demonstrates draftsmanship of a remarkably high order and a great degree of commonsense on the part of the committee. I congratulate the committee for reporting an amendment which in so few words, if I may say so, satisfies so many persons.

All of us want the reciprocal-trade treaties to be extended, because we realize that trade is necessary. None of us wish to place greater burdens on the President, but in the case of national security he has the burden anyway. He cannot escape it. This measure is a logical extension of the reciprocal-trade program, which is in his lap anyway, and must be handled by him, particularly as it affects the national security.

I agree with the Senator from Kentucky. I repeat that I think the committee is to be congratulated upon its ability to cover so many points and meet so many difficult situations by compromise language, if you will, which will allow the reciprocal trade treaty program to be administered with a greater degree of enthusiasm than, perhaps, has been present in the past.

Mr. BARKLEY. I appreciate the Senator's statement. Let me add one word, in anticipation of a possible effort to reduce the period of the extension of the act from 3 years to some shorter time. I think it is absolutely necessary that the extension be made effective for 3 years, because that would give the President ample time, without restric-

tion, to enter into agreements which are mutually advantageous. I hope, a little later in the debate, to show the advantage which has come to our country by reason of the increase in trade with nations with which we have had such agreements, as compared with those with which we have not had such agreements.

I think it is an indisputable fact that during the life of this law our prosperity and our trade with other nations have expanded almost beyond the anticipation of those of us who sponsored the law in 1934, and voted for it.

If we fix any period less than the 3-year period provided in the bill, we handicap the President and make it almost impossible for him to enter into any such agreements. For the past 2 years the law has been extended for only 1 year at a time, and practically no agreements have been entered into. If we shorten the period provided in the bill, I think the same result will occur.

We all know that we must have international trade. Men who work in any industry must find a market for what they produce, in order that they may sell it. That is as true of America as it is of any other country in the world.

So I hope no amendment will be offered to shorten the period, and if it is offered, I hope it will be defeated. I think the President of the United States, whoever he may be, be he Democrat or Republican, must have certain leeway in entering into negotiations, which are sometimes almost interminable, in order that equitable agreements may be reached with other countries for the exchange of our products for theirs.

Mr. SALTONSTALL. Mr. President, I am very much interested in what the Senator from Kentucky says. I discussed with the chairman of the committee and the Senator from Colorado [Mr. MILLIKIN] the possibility of making the extension effective for 2 years instead of 3. I can see the point which the Senator from Kentucky makes. Furthermore, other language which the committee has placed in the bill, particularly with relation to the Tariff Commission, the publicity to be given its reports, and the greater liberality of the peril point and escape clauses, makes it desirable to have the period of extension sufficiently long so that new agreements may be entered into.

Mr. BARKLEY. I thank the Senator from Massachusetts. I thank the Senator from Virginia for yielding to me.

Mr. BYRD. I thank the Senator from Kentucky for his very able presentation.

Mr. MILLIKIN. Mr. President, the Senate Finance Committee, under its very capable chairman, the Senator from Virginia [Mr. BYRD], has reported a good bill. It is not perfect.

One of the great pressures on the committee was for the adoption of amendments relating to specific commodities. The pressures were the greater because in each case there was a volume of evidence indicating the importance of those amendments to the livelihood and happiness of many people.

However, it was felt that it would be wiser to find some means of providing for

an orderly and carefully considered method by which relief might be obtained by industries vital to our national security without coming to the Congress each time a threat of injury appears.

After a great deal of careful analysis and study a proposal was drafted which I feel is adequate and fair. It provides a method by which the President will be made acquainted with situations that might need correcting. The President is certainly the best informed of all those interested in our national security. When he is informed of the possibility that imports may be threatening that security he, under the amendment adopted by the committee, would have a careful study made; and if such threat is found to exist he must act to limit imports to a degree removing that threat.

The Director of the Office of Defense Mobilization, a capable and patriotic public servant, whenever he has reason to believe that imports are entering in such volume as to threaten the production of essential items, "shall" so advise the President who, if he believes that there is reason for such belief, "shall" cause an immediate investigation to be made to determine the facts. If he finds facts that warrant action, then he "shall" take action and must adjust imports to a level that will not threaten to impair the national security.

The Director of the Office of Defense Mobilization can receive from many sources the information which may start the machinery of the amendment in motion. He will have his own staff alerted to the problem. All the agencies in any way connected with national-security problems will be watching carefully for possible cases. Domestic industries directly concerned will, I am sure, not hesitate to present evidence to the Director upon which he may base his decision to start that machinery. Congress always has the joint responsibility of national security and it, its committees, or its individual Members may inform the Director of circumstances which may call for action.

Mr. DANIEL. Mr. President, will the Senator from Colorado yield, or does he prefer not to be interrupted?

Mr. MILLIKIN. I am glad to yield.

Mr. DANIEL. I should like to ask the Senator a question before he passes to some other point.

The Senator stated that he had explained the amendment which was offered with reference to imports which might endanger the national security. In connection with the Director of the Office of Defense Mobilization bringing to the attention of the President dangers which might be caused, for example, by excessive oil imports, is it not true that the Director of the Office of Defense Mobilization has already reported, as a member of the President's Cabinet Committee on Essential Resources and Supplies, that any significant increase of oil imports above the ratio of 1954 would endanger the national security?

Mr. MILLIKIN. That is correct.

Mr. DANIEL. Under those circumstances, does the Senator from Colorado believe that by the terms of this amendment the Director of the Office of De-

fense Mobilization would have to make a new study? Or is it the Senator's opinion that the study which has already been made would be sufficient for the Director of the Office of Defense Mobilization as a basis for his opinion to the President that there would be danger to the national defense if future imports were greater than the ratio which existed between imports and market demand in 1954?

Mr. MILLIKIN. I have no opinion as to how the Director of the Office of Defense Mobilization might feel, or whether he would consider that he should plow the field again. But certainly a large start has been made on the subject in the studies which have already progressed.

Mr. DANIEL. I take it that is probably one reason why the committee embodied the report from the President's Cabinet Committee in its report on the bill.

Mr. MILLIKIN. That is correct. The significance of that decision was fully explained to the committee, and I think it has considerable cogency.

Mr. DANIEL. Does the Senator feel that there was sufficient evidence before the committee to indicate that an increase of imports over the 1954 ratio might endanger the national security?

Mr. MILLIKIN. That is my personal opinion. The judgment of the committee never focused on that question, but that is my personal judgment.

Mr. DANIEL. Does the Senator feel that action would be taken if over an extended period imports should be in excess of the ratio which existed in 1954?

Mr. MILLIKIN. I do; and while I do not propose to put a jinx on the processes we have recommended, if those processes do not work, I shall be among the first actively to support special measures.

Mr. DANIEL. I thank the Senator. I am glad to have his statement. I know of the Senator's interest in this subject. I take it he believes that the national security should be protected, insofar as it would be adversely affected by imports of oil and other products mentioned in the committee report.

Mr. MILLIKIN. That is my feeling. My own State of Colorado is an oil producer. It produces fluorspar; it produces coal; it produces many items which are essential to our national defense. If I did not think this amendment would protect us, I would be urging something else.

Mr. DANIEL. At least it is the intention of the Committee on Finance that this amendment shall be used to protect us in the matter of oil imports and the importation of other commodities which are necessary to our national defense.

Mr. MILLIKIN. The Committee on Finance did not make a direct decision to that effect. I can say, however, that the Senator from Colorado believes it should be used for that purpose.

Mr. DANIEL. I thank the Senator.

Mr. MILLIKIN. The amendment which the Senator from Texas and I have been discussing has been accepted

by the administration. It has been approved by Senators from States where the production of items essential to the national security is large and important.

Colorado has coal and petroleum; it is a very important supplier of lead and zinc; it is one of the few States producing fluorspar. Not many States have a greater interest in the effect of this amendment than the great State which it is my good fortune in part to represent.

It is of considerable importance to me that this amendment provide an adequate vehicle for assistance to industries whenever imports threaten to impair their ability to supply the commodities needed for national defense or security.

I am convinced that the proposal can and will work. It grants to the President authority to take whatever action he deems necessary to adjust imports if they should threaten to impair the national security. He may use tariffs, quotas, import taxes, or other methods of import restriction. He is not limited as far as commodities are concerned except that they must be involved in our national security.

It is a proposition which should serve to alleviate many of the tensions and much of the anxiety in the industries affected. It permits the President to fully exercise his responsibilities as Commander in Chief.

It is my hope that the Senate will overwhelmingly accept this committee amendment.

Congress endeavored to make clear its intent regarding peril-point and escape-clause procedure. However, after several years of operation we find within the Tariff Commission, the agency most concerned with peril-point studies and escape-clause investigations, serious differences in interpretation of the intent of Congress as outlined in the language of the legislation.

Section 6 (a) of the Trade Agreements Extension Act of 1951, as amended by the law of 1953, reads as follows:

No reduction in any rate of duty or binding of any existing customs or excise treatment, or other concession hereafter proclaimed under section 350 of the Tariff Act of 1930, as amended, shall be permitted to continue in effect when the product on which the concession has been granted is, as a result, in whole or in part, of the duty or other customs treatment reflecting such concession, being imported into the United States in such increased quantities, either actual or relative, as to cause or threaten serious injury to the domestic industry producing like or directly competitive products.

Two important points of difference have arisen, and the decisions of the Tariff Commission are frequently split and lack harmony because of varied interpretations. Some commissioners have consistently held that Congress intended that, in a finding of injury under the escape clause, the imports in question must be the sole cause of the injury.

Other members of the Commission have taken the position that, even though there may have been other minor contributing factors, a finding of injury resulting from increased imports may be found so long as imports have contributed materially to the injury,

and that said injury might be mitigated by a modification of the concession.

Another serious point of difference has been that some commissioners have defined "industry" as meaning a large, all inclusive category of producers and items which must show overall injury and perhaps an overall loss in total operations as a result of imports of a commodity which actually affects only one segment of that industry.

Other members of the Commission have argued that the term "industry" should be defined in a narrower sense so that producers would not be divested of their business segment by segment, without any recourse so long as they retained one profit-making line.

Just how these two major points of difference should be settled is a problem on which we have given much serious study and thought. I do not believe that there can be any doubt that the law, as it now stands, is being interpreted in different ways by the individuals who play such an important part in its administration. In the interest of good government it should be cleared up insofar as it can be done legislatively.

I want to quote from a couple of the reports of the Tariff Commission to indicate how serious the matter is.

With regard to differences of opinion as to whether imports need be the sole cause of the injury the majority report of the tariff commission on glacé cherries contained the following statement:

The decline in domestic production (of glacé cherries) was also partly attributable to the high prices that prevailed in 1951 for domestic sulfured cherries.

Although this was just one of the reasons why aid to the glacé cherry industry was denied, it indicates a difference of interpretation as the minority opinion was that assistance should be given the industry even though the high price of sulfured cherries in 1951 might have had some influence on the decline in domestic production. The minority did not feel that imports were required to have been the sole cause of the injury.

Another illustration of the widely divergent views of members of the Commission as to the intent of Congress is found in the report of clothespins. Here the disagreement was on a 3-to-3 basis.

I quote from that part of the report written by one of those divisions:

The decision was based principally upon a different assessment of the factual information obtained in this investigation in relation to the fundamental question of whether increased imports of spring clothespins are causing or threatening serious injury to the domestic industry concerned. It will be seen from this language (of the act) that while the increased imports need be only in part due to the customs treatment reflecting the concession, the serious injury to the domestic industry must be attributed to such increased quantities of the imports in question as to cause or threaten the serious injury. Literally, this means that increased imports must in and of themselves be found to be the cause or threat of serious injury before a recommendation for "escape" action can be justified. Obviously, therefore, the extent of the increased imports must be of such scope and intensity

as to be in and of themselves responsible for serious injury.

The point of view of the other three members of the Commission was exactly the opposite. I quote again from the report:

Upon consideration by the full Commission of the facts obtained in this investigation, including the hearing, the Commission divided into two equal groups, each of which was unanimously agreed upon opposite findings.

Three of the Commissioners found that imports were "injuring or threatening with injury" the domestic industry, even though the imports were not the sole and only cause of the injury.

I do not believe that Congress would want this seemingly wide divergence of views to continue. The matter should be cleared up one way or another. Either we should decide that imports should be the sole and only cause of the injury, or we should say that if a substantial part of the injury can be definitely linked with imports, then the injured party should be subject to some form of relief.

We have given long and serious consideration to a means of making clear the intent of the Congress. I grant that that term we finally decided upon, after a great number had been carefully weighed, is subject to some varied interpretation. It is absolutely impossible to spell it out with mathematical precision and some judgment must be left to the members of the Tariff Commission. It was felt that if the imports did "contribute materially" to the injury, then the Commission may make its finding accordingly.

There is nothing unreasonable about such language. It seems a fair and equitable way of administering the law, and I feel that I am in a position to state that it was the intention of many of the Members of the Congress when the escape clause was written to provide such an avenue of relief, and it was not intended that imports need be the sole and only cause of injury if assistance to the injured industry was to be granted.

With regard to the difference of opinion as to what constitutes an "industry" the Tariff Commission is just as widely split.

The dissenting views of two Commissioners in the report on garlic included the following statement:

It is doubtful that the production of garlic in the United States is properly to be regarded as by itself constituting a domestic "industry" for the purposes of the escape clause.

Four members of the Commission based their findings on the fact that there did exist a "garlic industry" and that a number of growers were being injured as a result of low-priced imports.

The minority statement in the divided-vote report on glacé cherries included the following:

This situation apparently leads the majority to the conclusion that there is no glacé-cherry industry, as such.

Further in that report the minority stated:

Thus, based on such reasoning, even if imports of glacé cherries are seriously injur-

ing the glacé-cherry business of domestic producers who manufacture and sell glacé cherries, no serious injury can be found to such producers because they are or may be producing other products as well as glacé cherries and their overall operations might still be profitable; the majority apparently believes that, if any injury that may be caused to producers of glacé cherries by a decline in the production of that product can be compensated for by the manufacture and sale of other products, no finding of injury is warranted. We wish emphatically to dissent from any such interpretation either of the facts as revealed in the investigation or of section 7 of the Trade Agreements Extension Act of 1951.

The tariff commission was evenly divided in its report on "wood screws" on the question as to what constitutes a domestic industry. Three of the members of the Commission were unanimous in the following statement. I quote from pages 9, 10, 11, and 12 of that report:

(2) "The domestic industry producing the like or directly competitive product" is the domestic producers of wood screws of iron or steel and no other products or producers are involved. The domestic industry in this case is the group of domestic productive units that make wood screws of iron or steel. Such wood screws are the only product under consideration in this investigation. It is the "like or directly competitive domestic product" and the only one domestic product which the law indicates is to be considered in this case.

Products other than wood screws of iron or steel manufactured by many of the same and other different concerns are: Wood screws made of nonferrous metals, machine screws, tapping screws, cap screws, nuts, bolts, and various other fasteners, locks and related hardware, other builders' hardware, and handtools, other hardware, and miscellaneous products. None of these other products, however, has any part in this investigation. None of them are included by the domestic industry in its application, by the Tariff Commission under its order of the investigation, and by the Commission in its order of the public hearing, and in its taking of testimony at the hearing. The factors such as profits involved in the production and sale of these other products likewise are excluded from consideration in this investigation. All that may properly be considered under the law and under the orders in this investigation are those factors which are directly and inherently part of the operations in the production and sale of wood screws of iron or steel.

If, therefore, the domestic production and sale of wood screws of iron or steel in the United States market are being seriously and adversely affected as determined by the facts with respect to the criteria of the "escape clause" provisions (sec. 7 (b)) of the Trade Agreements Extension Act of 1951 cited above, it would follow that a finding should be made that the domestic industry producing such wood screws is being seriously injured.

Were this phrase "domestic industry" to be interpreted as including the profits on all other products such as nonferrous wood screws, machine screws, tapping screws, builders' hardware, etc., that might be produced by these same concerns that produce wood screws of iron or steel, as long as the companies, though losing money on wood screws of iron or steel, were making such other products at a profit and the company was making an overall profit or could find some other alternative products to manufacture other than wood screws of iron or steel, that would show an overall profit, few claims of injury would be allowed as a result of escape-clause investigations. Under such an

interpretation, a great part of domestic production, article by article, might be forced to stop by the destructive competition of imports and, if the manufacturing companies turned to importing and made good profits at it, they would be adjudged to be uninjured as a domestic industry. Such an interpretation of this "domestic industry" phrase in the escape-clause law would practically nullify the escape-clause provision in trade agreements as a possible remedy of serious injury, and in effect would almost, if not entirely, void the escape-clause provisions of the Trade Agreements Extension Act. One by one each small domestic industry could be severely injured and put out of business because of imports and section 7 would be inoperative as a remedy, and we believe Congress intended section 7 to be a remedy.

This is clearly recognized when it is recalled that perhaps 90 percent of all manufacturers and farmers in this country produce not just a single product, but a variety of products, sometimes many different articles in the same plant or on the same farm. No relief would be granted for any of the thousands of individual chemicals as long as the chemical industry was making satisfactory overall profits. The same with the textile, pottery, glass, steel, woodworking, machinery, machine-tool, metal-fastener, and many other industries.

To thus permit imports to take over the United States market one product at a time, because the domestic producers may have found or may be able to find alternative products that they can produce at a profit, may result in allowing imports to take over the domestic market for many articles produced in the United States if imports of such articles are able to enter in constantly increasing quantities over the lowered concession tariff rates and no relief under the "escape clause" is available. "Divide and conquer" is an old policy and an effective one if permitted to operate. Armies use it in war and the Communists used it after the war and are now making use of it with a number of European and Asiatic nations.

Again I say, Mr. President, the Congress has a responsibility in this matter, and its intent should be made clearer than it is at present.

Mr. CARLSON. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. CARLSON. As a very junior member of the Senate Finance Committee, I wish to pay tribute to the distinguished senior Senator from Colorado for his excellent leadership and cooperation with the senior Senator from Virginia [Mr. BYRD] in reporting to the Senate a bill which I think not only merits the Senate's approval, but the approval of the Nation. It is always difficult to deal with problems of this type, and it has been especially difficult this time, in view of the many witnesses representing industries who furnished proof and information that their industries were being damaged. But, through the leadership of the Senators whom I have mentioned and other members of the committee, the committee has reported a bill which I consider to be meritorious. I think it is a bill under which our Nation can not only expand its international trade, but under which, at the same time, American industry, American labor, and American agriculture will be protected.

I wish to say, Mr. President, that the distinguished senior Senator from Colorado and the distinguished senior Senator from Virginia are entitled to much

credit. I attended most of the hearings held by the committee, and I know some of the problems involved.

Mr. MILLIKIN. I thank the distinguished Senator from Kansas, and I appreciate his cooperation.

Mr. CARLSON. Mr. President, will the Senator from Colorado yield further?

Mr. MILLIKIN. I yield.

Mr. CARLSON. I wish to mention one item which already has been discussed, namely, the section dealing with what started out to be several amendments regarding quota import limitations. I should like to ask the Senator if he does not feel that the committee has drafted a very satisfactory amendment which will take care of the situation regarding oil and other mineral products of that type.

Mr. MILLIKIN. I think the amendment is adequate to accomplish that purpose, and I believe it will be accomplished.

Mr. CARLSON. I thank the Senator from Colorado.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield. I saw the distinguished Senator from Kentucky on this side of the aisle a while ago. It took many years to get him over here, but then he did not stay long.

Mr. BARKLEY. That is no indication that I do not appreciate the comradeship and the camaraderie which exists now and then between the Senator from Kentucky—the junior Senator from Kentucky, I wish to emphasize—and many Members on the other side of the aisle.

When I was a Senator previously, and while I was honored to be the Presiding Officer of the Senate for 4 years, I found genial associations on the other side of the aisle. I find them now, although I have not taken advantage of them quite so frequently as I used to. Being a junior Senator, I am a little modest; I am making the approaches gradually, not by jumping over the fence suddenly.

Mr. MILLIKIN. I suggest that the Senator not be too modest; let him come over and join in the camaraderie.

Mr. BARKLEY. I wish to commend the distinguished Senator from Colorado for his cooperative efforts in reporting from the committee a bill which seems to meet with the approbation of so many Members of the Senate.

As the Senator knows, I have been identified with the reciprocal trade program from its inception in 1934 under the leadership of former Secretary of State Cordell Hull. While I was a Member of the Senate I voted for all the extensions of the act. I have been interested in the subject, not as a partisan but as a believer in the ultimate decision of Congress and the governments of the world to deal with tariffs as an economic and scientific question, rather than as a political question. I have always deplored the injection of partisan politics into economic and scientific problems, and I have contributed in my modest way toward keeping them apart.

I appreciate the cooperative spirit of the senior Senator from Colorado and other Members of both parties in the Committee on Finance. The committee

held long hearings on controversial matters. We all sought information which would guide us in deciding upon the kind of bill to report. Therefore, it is really gratifying to see that, in spite of some adverse conditions and the local, particular interests which were presented to the committee in great detail, the committee was able to prepare and report a bill which is constructive. I think the bill undertakes to meet the problems which are involved in a constructive, forward-looking way.

I wish to thank the senior Senator from Colorado for his great contribution as the former chairman of the Committee on Finance, at a time when I was not a member of it, I regret to say, and also at a time when I am a member of it, and when he is the ranking minority member of the committee. He has really been constructive in his efforts to draft a bill which should be reasonably satisfactory. The bill cannot satisfy everyone, in the very nature of things, because it deals with a very controversial subject. But, on the whole, I believe the committee has done a good job by trying to resolve problems in a way which will place the responsibility where it really belongs, by authorizing the President of the United States, no matter who he may be, to enter into agreements with other nations to facilitate international trade.

I would not want the opportunity to pass without saying that I, as a member of the committee from the opposite party from that of the Senator from Colorado—not always opposite, but every now and then opposite—wish to commend him for his constructive efforts and cooperation in this regard.

Mr. MILLIKIN. First, I wish to than the Senator from Kentucky very sincerely for his compliments. During all the time I have been a member of the Senate Committee on Finance, the Senator from Kentucky has been a member, with the exception of a short period and has been a tower of strength there. I should not like the occasion to pass without saying that his cooperation in the work we have done has been of inestimable value in the past, as it is now.

Mr. BARKLEY. I thank the Senator from Colorado.

Mr. BENNETT. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield to the Senator from Utah.

Mr. BENNETT. I wish to ask my colleague, who is the ranking member of my party on the Committee on Finance, if, in his opinion, the selection of the Director of the Office of Defense Mobilization as the source through whom questions of injury to the industries affecting national security will come limits the initiative of investigations for that purpose to the Director of the Office of Defense Mobilization?

Mr. MILLIKIN. I would not say so. The whole field of industry has its regular escape clause remedies before the Tariff Commission. The bill is designed to focus interest in national defense problems upon the special machinery designed for those problems.

Mr. BENNETT. If an industry feels that it is essential to the national defense, under the bill, will it be possible for such an industry to approach the Director of the Office of Defense Mobilization and have him consider its problems from that point of view?

Mr. MILLIKIN. If that should not be possible, I would like to see a new Director in that office.

Mr. BENNETT. Is it the opinion of the Senator from Colorado that it is certainly within the power of the Committee on Finance or the Committee on Ways and Means, specifically, to call the attention of the Director of the Office of Defense Mobilization to an industry which the members of those committees feel is necessary to the national defense, and which may be injured?

Mr. MILLIKIN. I should say that it is the special prerogative of those two committees, as it is also the special prerogative of any Member of the Senate or House, to bring to the attention of the Defense Mobilizer any matter which bears upon the question of the impairment of an industry which is vital to the national defense.

Mr. BENNETT. Is not the effect of the bill to provide two avenues by which an industry which might consider itself injured could receive a remedy: One through the Tariff Commission, and the other through the Office of Defense Mobilization?

Mr. MILLIKIN. I should say so; and I should further say that neither is exclusive. All the remedies available before these remedies were proposed will be available afterward, particularly those which focus on defense industries.

Mr. MARTIN of Pennsylvania. Will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. MARTIN of Pennsylvania. I, too, wish to commend the excellent work of the distinguished senior Senator from Virginia [Mr. BYRD], and the distinguished senior Senator from Colorado [Mr. MILLIKIN] relative to H. R. 1. I have attended practically all of the sessions of the committee, but I think those two distinguished Senators have attended every session. I think both of them, because of their long experience in financial affairs, as they relate to the Federal Government, probably understand better than any others of us the great issues confronting the Nation.

I ask to ask the distinguished Senator from Colorado if those who will execute the proposed law and who are in conformity with our ideas of protecting the industries of America will find in the bill facilities with which to do so.

Mr. MILLIKIN. I should say so.

Mr. MARTIN of Pennsylvania. As the distinguished Senator from Utah has stated, the American industries would also have the facilities of the Senate Committee on Finance and the House Committee on Ways and Means. Is not that correct?

Mr. MILLIKIN. I should say those committees especially should concern themselves with the operation of the amendments to the law which the bill contains.

Mr. MARTIN of Pennsylvania. The Senator from Colorado is, of course, well

aware of the fact that there are in the United States many vital industries which are now being affected by importations, particularly from countries where the wage and living scales are much below those of the United States. But under the proposed law facilities will be provided by which such situations may be corrected.

Mr. MILLIKIN. The bill specifically provides that the peril point and the threat of injury procedure shall be maintained.

Mr. MARTIN of Pennsylvania. As I understand, the bill greatly strengthens the peril point and escape clauses of the laws which have previously been enacted.

Mr. MILLIKIN. I think it does so in several respects, as I have indicated in my remarks to the Senate today.

Mr. MARTIN of Pennsylvania. I thank the Senator from Colorado.

Mr. MILLIKIN. I thank the Senator from Pennsylvania for his courtesy.

Mr. ROBERTSON. Mr. President, in indicating to the Senate today why I intend to support H. R. 1 without crippling amendments, I wish frankly to admit that I consider continuation of our reciprocal-trade-agreements program with some additional authority to lower import duties to be only a part, and perhaps not even a major part, in an international program of restoration of normal international trade.

In the first place, some 800 million people now behind what we call the Iron Curtain are to a large extent excluded from what might be called normal trade relations with the remainder of the free world. In the second place, there are such roadblocks in Western Europe as lack of currency convertibility, quotas, and currency manipulations which can be just as disruptive of normal trade as high tariffs.

I am also aware, as I shall later point out in greater detail, that it will be neither practical nor feasible for us to reduce our import duties, even in return for commensurate concessions from some other nation, to the point where the dollar value of our imports will be expanded as much as some persons believe.

Therefore, in my humble opinion, the two principal values of the enactment of H. R. 1 will be: First, it will enable the President, after full and very careful consideration of all factors involved, to ease some irritating spots in our international-trade program; and second, it is a token of good will, friendship, and a willingness to cooperate with friends and Allies, which we hope will strike a responsive chord in their hearts and prompt them to take steps to bring about a closer economic union among themselves as well as with us.

Every one familiar with the extreme nationalism which developed in Western Europe following World War II has realized the need in that area for three types of union—military, economic, and political. At long last, we have achieved in part, and part only, a military union under which it is possible for Western Germany to be rearmed. But little progress has so far been made toward a more perfect union among our allies either from the economic or political standpoint.

H. R. 1 MISREPRESENTED

During my 10 years of service on the Ways and Means Committee of the House, when I was devoting almost my entire time and attention to matters pertaining to taxes and tariffs, I became fully aware of the specious arguments presented by the high priests of protection whenever any proposal was pending to lower the inordinately high and, in many instances, prohibitive rates of the Hawley-Smoot Tariff Act of 1930. But in all of my 22 years of service in the Congress, I can recall no proposal for legislation which has been more widely misrepresented and misunderstood than the bill now before the Senate.

Knowing so well the type of fight that might be anticipated, had I been privileged to draft the bill I would have made it a bit simpler and a bit less comprehensive than was recommended by the Randall Commission. But since we now face a fact and not a theory, I feel it to be my duty and that of every other friend of international cooperation to take the time, even though it involves a rather extended discussion, to explain the true meaning of the pending bill and point out how its provisions have been so grossly misrepresented to the general public, and especially to the employees of numerous industries which in the past have enjoyed substantial tariff protection and who feel that in the future they will need the same measure of protection.

I have received hundreds of letters from constituents who felt they knew enough about H. R. 1 to take a positive position on it and to tell me how I ought to vote.

These have included many well-reasoned letters from persons who gave evidence of some knowledge of the principles involved and a basic understanding of the intention of the bill. Some of these reached conclusions which I share, and others reached differing conclusions, which I, nevertheless, respect.

Unfortunately, however, a numerical majority of the letters I have received indicated that the writers had been given a distorted or completely false picture of the bill. I still recognize the right of these people to have opinions and I am pleased to have them advise me of their views. But I feel they have been victimized, cruelly in many instances, by persons who have unnecessarily aroused fears of job security or loss of earning power.

I have no quarrel with those who explain the provisions of H. R. 1 and then argue as best they can that it is to the disadvantage of certain individuals or groups of individuals. But I deplore similar arguments of disadvantage which are based on inaccurate descriptions of the content of the bill.

EXAMPLES OF CORRESPONDENCE

To cite a few examples from my correspondence:

I have received letters saying that H. R. 1 "would lower tariffs and give advantage to goods made in foreign countries," and that it "would reduce United States tariffs 15 percent over the next 3 years." These indicate only comparatively mild misunderstandings,

but my colleagues, of course, know that the pending bill would not of itself necessarily lower any tariff.

It merely would authorize the President to negotiate for cuts on specific items when this can be done as part of a reciprocal agreement which he feels is to the advantage of the United States. Reductions which he might approve are limited to 5 percent a year for 3 years, except in the cases of items which have been under rates amounting to more than 50 percent of their value.

Other letters indicating greater misunderstanding of the bill have suggested that specific tariff cuts would automatically result from its passage. They refer to "Congress trying to push through tariff cuts on a lot of goods such as pants, shirts, blouses, and underwear made in foreign countries." Or they speak of a "bill that would lift the tariff on Japanese textile goods," or a bill "for Japan to manufacture our clothing."

Examples of even greater distortion have been letters saying H. R. 1 "gives the President the power to further reduce these tariffs even down to nothing without any action of the House and Senate," or which say the President's program calls for "across-the-board cuts and not reductions made on a factual basis by consideration of each product."

The source of some of these misunderstandings was suggested by a letter which said:

There was a letter posted on our bulletin board stating that Congress is trying to put through tariff cuts on a lot of goods made in foreign countries. In doing this it will take jobs of a lot of United States workers and of course it will endanger my own job and that of my coworkers.

Now, it is obvious that most workers in industrial plants have no ready source of information as to the true nature of this bill or as to the overall value of a mutually beneficial system of international trade. But they know it is within the power of their bosses to reduce the number of employees or to close down the plant, so naturally many have written their Representatives in Congress what they were bidden to write without pretending to a personal understanding of anything as complex as tariff legislation.

One correspondent took her instruction so literally that her letter to me began:

DEAR SENATOR ROBERTSON: Tell him to vote against H. R. 1.

Because of my sympathy with the position in which these people find themselves, the primary purpose of my remarks today will be to reassure them. I want them to know that the party of Thomas Jefferson, Andrew Jackson, and Woodrow Wilson was not unmindful of the interests of those who work with their hands, whether on the farm or in the factory, when it adopted as one of its principal tenets the theory of tariffs low enough to stimulate rather than to stifle trade. I want them to know that Cordell Hull was thinking of the men in the factory and in the field when he proposed the reciprocal trade program. And I want them to know that members of my party who always have stood for

this principle are happy to find themselves in accord with a President who believes in the same doctrine, even though he was elected as the nominee of the party which traditionally has advocated, and when in power has imposed, the highest tariffs.

In my effort to remove fears and clear up misunderstandings I want, first of all, to discuss briefly a booklet many of my correspondents apparently have seen which was gotten up in comic book style, with drawings and hand-printed text.

FALLACIES OF INNOCENCE ABROAD

This booklet, titled "Innocence Abroad, or World Trade in 10 Easy Lessons," is, in reality, a cruel attempt to take advantage of innocence at home, and to mislead persons who may find it easier to understand pictures than words. The tone of this essay is indicated by its jibing references to a boy who studied economics in college and went to a school of business administration and whose businessman father, therefore, "knows better than to argue with" him. The implication is that anyone with a formal education is incapable of understanding business problems.

Use of that argument in this context is understandable because the sponsors of the book must know that anyone who had studied economics would immediately see through some of their fallacious arguments.

For example, there is the statement:

More than half of our imports enter free of duty now, and the other half pays an average duty of less than 13 percent. The high United States tariff wall that we hear so much about has long since been reduced to a low garden fence.

Mr. President, the ratio of duties collected on actual imports to the value of those imports cannot, of course, be honestly used as a measure of trade restriction because that ignores the fact that whenever a duty is high enough to protect, it keeps goods out. If we made our tariff rates so high that no product subject to them could be imported and sold at a profit, none of these items would be imported and no duties would be collected. The average duty on imports would then be zero; and, according to the theory of this uncomic book, we would have free trade.

And again it must be remembered that even under the Hawley-Smoot tariff there were a great many items which bulked large in our foreign trade such as rubber and tin, in addition to coffee, spices, and so forth, on which there has never been a tariff. Therefore, if we average imports on which the tariff is 50 percent or more with those on which there are no import duties we get what appears to be a low average rate; but it is a very deceptive figure. As a matter of fact, after adoption of the high Hawley-Smoot rates in 1930, the proportion of duty-free imports increased.

Again, the picture booklet distributed as a brief on the subject of foreign trade suggests that it is unfair to American workers to allow foreign-made goods to be sold here, unless there is imposed on them a tariff which makes up for the difference in wage levels here and abroad. It refers to workers in

Germany who are paid 50 cents an hour, while American workers producing the same article receive \$2.50 an hour; and it implies that the prices of foreign-made goods are low because their wages are low, and that the prices of American-made goods are high because our wage rates are high.

WHY WAGE LEVELS VARY

Actually, the sequence of cause and effect is just the opposite. The industry which can obtain a high price for its product can afford to pay high wages and can still make a good profit; but the industry which has to sell at a low price is unable to pay more than a low wage. In any case, the important factor is not the hourly rate for labor, but the cost of labor per unit produced. The claim that low-paid labor always can undersell high-paid labor is contradicted by the fact that the United States, with the highest wage-level in the world, regularly exports billions of dollars worth of goods every year, much of it to countries where wages are notoriously low. About 70 percent of our exports are manufactured items; and some of our leading exports, such as automobiles and machinery, are produced by industries which have the highest wage-levels, even in comparison with other American industries.

What the high tariff advocates' easy-to-read booklet does not reveal is the competitive effect of American mass-production methods and the high individual productivity of the American worker.

Research studies have shown that the average American worker, including those in small industries, as well as those in mass production lines, turns out three times as much per year as does the average European worker, and is paid, on the average, about three times as much per year. While the worker in an American factory is producing 100 units, the comparable worker in Canada will produce 80, and the worker in Western Europe will produce numbers varying from 49, in Sweden, and 45, in the United Kingdom, down to 20, in Italy, and 15, in Spain. Of course, the Spaniard who, with inadequate equipment, produces 15 units while the American is producing 100, cannot receive as high an hourly wage; and to say we will not accept Spanish goods until their wage-level equals ours or unless there is a tariff high enough to cover the difference in hourly wage rates, is just another way of saying we will not trade at all.

By adopting the wage-equality principle, we can keep out handblown glassware and leather gloves. We can exclude Swiss watches, because their finishers are paid only 55 cents an hour, while American finishers receive \$1.85. But, naturally, other nations will follow our lead, and will exclude our automobiles and other products of industries with high wages but low unit costs; and they also will be unable to buy our great agricultural export commodities, such as cotton, tobacco, and wheat.

The net result would be for us to subsidize those of our domestic producers who are least able to pay high wages because they are less efficient, and to penal-

ize the American industries which have been able to pay the highest wages because they can compete successfully, not only with their own countrymen, but also with producers in other nations. This would mean lower overall wage levels in the United States and a checking of the gradual shift from low-wage to high-wage industries which raise our total production per capita and so raise our plane of living. It would simply be a refusal to accept the basic economic principle that standards of living are raised when those who can produce one item most efficiently exchange with others who can produce other items most efficiently.

Carried to its logical end, that refusal would lead to a situation in which a doctor would be making his own shoes and a shoemaker would be compounding his own remedies, because their hourly pay rates are not the same; and for them to exchange skills would therefore, according to the theory of the American Tariff League booklet, be unfair competition.

DAMAGE FEARS UNREALIZED

The argument that industries in the United States cannot compete with industries abroad, except under protected conditions, and that businessmen and workers in the United States will suffer irreparable damage if the lower tariffs, in order to promote world trade, is an old and familiar one. It was used when the first Reciprocal Trade Agreements Act was proposed by Cordell Hull, in 1934; and it has been revived each time the act has been up for renewal.

Twenty years ago, before we had any experience with this program, these expressions of fear had at least a measure of credibility but it has been interesting to note in succeeding years how witnesses appearing against reciprocal-trade legislation have continued to rely primarily on warnings of dire consequences in the future rather than factual accounts of damage already done.

For example, in 1934 a representative of the United States Potters Association told the House Ways and Means Committee that the bill then pending would undermine our business, and he protested against taking away a man's business in this manner as a violation of the 14th amendment. This year the representative of that industry was back before the Ways and Means Committee, again opposing reciprocal trade and complaining that the Congress is ready and anxious to abrogate its prerogatives and duties under the Constitution and to make tariff reductions that will injure dozens of American industries.

In his last appearance the potters' representative referred to his business as one older than the Nation itself, that has always maintained an honorable position in the family of business.

Despite its age and respectability, however, the industry which produces china and tableware in the United States never has had the ability to expand which has characterized many newer industries and there have been wide swings between good and bad years regardless of tariff restrictions at the time.

In 1934, for example, the witness for the potters' association gave the Ways and Means Committee figures showing production of 18 million dozen items in 1933 as compared with 30 million dozen in 1929. This sharp decline had taken place while we had the highest tariff wall in American history; and if the industry was as sick as it then was made to appear, it might have been expected to expire within 6 years under the much-feared reciprocal trade law.

As a matter of fact, however, when I, as a member of the Ways and Means Committee, questioned the Potters Association witness in 1940, he testified that the industry was running close to capacity and had suffered no great damage from trade agreements. He said the payroll alone of the industry in 1940 was \$23 million as contrasted with a total value of \$16.3 million for the products it shipped in 1934. He still opposed the trade program, however, and predicted a dire effect on his business in the future.

This year the Potters' witness refused to accept as accurate production figures prepared at his own request by the Tariff Commission, which showed an output of 45 million dozen items in 1950. That figure would have indicated production 50 percent over the good year, 1929, and 2½ times as great as in 1933, the year before the reciprocal-trade program started.

The Potters Association's own figures, which differed apparently because of a more strict classification of articles included in the count, showed a production of 27,293,000 dozen in 1947, of 26,600,000 dozen in 1950 and of 19,337,000 dozen in 1953. From this it would appear that the industry is subject to yearly fluctuations now, as it was 20 years ago, but the swing from 1947 to 1953 was not as great as the swing from 1929 to 1933, when it had the highest tariff protection.

Another figure introduced at this year's hearing placed value of American potters' products in 1953 at \$53 million, which is more than three times the 1933 value and would indicate it had about held its own with inflation.

Naturally those engaged in this industry would like to see it expand along with our rate of national production rather than barely hold its own, but I question the justification for the Congress to promote such expansion by a high tariff wall at the expense of every citizen of this country who buys a plate or cup and saucer.

Also, it is obvious that the industry has not been victimized, as its spokesman claimed it would be if the reciprocal trade program were adopted. The truth of the matter is that a major portion of the imported products which compete with this industry has come from Japan and there has been no reduction since 1930 in the tariff rates applied to those items. And so long as the industry is able to make out a hardship case for itself I see no reason why it need fear that during the next 3 years the President of the United States will approve tariff cuts which would bring about the total destruction of the industry which its spokesman said he feared.

CHEMICAL INDUSTRY GROWTH

The prophets of doom resulting from continuation of our reciprocal-trade program include other small industries like the potters, which have obvious expansion problems, but it is harder to understand the quakings and tremblings of giants like our young chemical industry, which has been expanding at the rate of more than 10 percent a year and has been exporting from 3 to 6 times the value of chemical imports.

One witness for this industry testified this year before the Ways and Means Committee that the company he now heads was started on a modest scale by his father in 1901. In 54 years it has grown into one of our industrial giants with assets of \$375 million and subsidiary plants in a dozen other nations, as well as scattered over the United States. Its sales have almost doubled every 5 years. It spent \$255 million for expansion of facilities in the 10 years from 1943 to 1953, another \$41 million in 1954, and has planned further expansion which will cost from \$30 to \$50 million.

This witness justifiably pointed out that expansion of organic chemical production in the United States was greatly stimulated when Germany was eliminated as a competitor during World War II, and that as Germany and other European nations rebuild their industry, competition will become increasingly hard to meet.

I can understand his desire, as a sound businessman, to retain, if possible, the advantage which has been given American producers by import duties on chemicals ranging from two-thirds of the value of the product to as much as 2½ times its value.

I do not blame him for telling the committee that if tariffs are reduced his company will alter its policies and will concentrate on production of products from raw materials which give it an advantage over foreign competitors rather than items with respect to which others have an advantage.

It does seem to me, however, that a company which boasts in its annual report that 40 percent of its sales are of items which were not being made 10 years ago and which has pioneered in development of so many new products would be able to offer some kind of assurance to its present employees that they will be taken care of even if its phenomenal rate of growth slows down.

Employees of this company in Virginia have written urging me to vote against H. R. 1 and indicating their belief that their jobs were dependent upon the success of efforts to defeat this bill.

Perhaps foreign competition has made this particular plant less profitable than had been contemplated when it was built. Perhaps tariff cuts applied to its product, if they should be approved by the President, would make continued production by that unit unjustified.

This is a company, however, which has had the privilege of rapid amortization of an investment of many millions of dollars in recent years, and which has planned a vast program of additional expansion. It has built substantial re-

serves while still paying a handsome dividend to its investors.

I cannot conceive that the progressive management of this company would under these circumstances abandon its Virginia employees instead of including them in its plans for the future which involve new plants and new products.

This particular company increased its exports by 25 percent in 1954 as compared with 1953. The chemical industry of the United States increased its exports from \$817.5 million in 1953 to more than a billion in 1954, a rise of more than 20 percent, while chemical imports declined from around \$293 million in 1953 to around \$249 million in 1954. Moreover, our imports are far less significant from the standpoint of our domestic industry than those totals might indicate, because about one-half of the imports are fertilizer or similar noncompetitive materials.

The chemical industry as a whole and the organic chemistry industry in particular cannot hope to continue indefinitely to expand at the same rate as during the last decade, but it should be able to stabilize at a high level. When it does this it should be able to meet import competition on terms which will not reverse the movement toward expanded world trade, and which will permit us to continue to sell to other nations the products of American ingenuity and scientific ability which we can produce most efficiently.

With all due deference to the industry witnesses to whom I have referred, I must say that their attitude reminds me of the story related by Cordell Hull when he was testifying before our committee in 1940.

Mr. Hull told of the man who complained to his neighbor that his wife always was worrying him about money. "Before breakfast she asks me for money," he said. "She asks for money when she sees me at lunchtime. She worries me about it at suppertime and when we go to bed all I hear is money, money, money. She's driving me crazy."

"How much money have you given her thus far?" the neighbor asked.

"Oh," said the complaining husband, "so far I haven't given her any."

Now, that is pretty much the position of most industries which have complained of damage from the reciprocal trade program. So far the damage has not been done.

As another example of fears about the possible effects of H. R. 1 which I feel are not justified by facts, let us consider the textile industry.

TEXTILES AND WORLD TRADE

It is, frankly, somewhat puzzling to me that the trade organizations representing this industry should be so well agreed on efforts to weaken the bill and thereby jeopardize our trade program when the industry has so large a stake on the export side of the picture.

In 1954 we exported 605 million square yards of cotton cloth, which represented more than 6 percent of our domestic production. Imports of cotton cloth that year were only 73 million square yards,

which was less than 1 percent of our production.

For synthetic fabrics the situation was even more favorable, with exports amounting to 7 percent of our production, and our production and exports growing while our imports have been declining.

Industry spokesmen have been either extremely general in their expression of fear of injury from import competition or else have been specific only with regard to certain items such as velveteens, damask, and gingham. It is only on these specialty items that imports amount to more than an insignificant fraction of our domestic production, and those lines represent in themselves only a tiny fraction of our total production. In this connection it is interesting to note that in the list compiled by the Randall Commission staff of commodities for which imports probably would supply from 10 to 90 percent of domestic consumption if tariffs were completely removed, there is only one cotton product—that is lace, largely a handmade material.

My attention was attracted to velveteen because there is a mill in Virginia which produces that material and I believe every employee of that plant wrote me a letter expressing opposition to H. R. 1. At least I know I received several hundred letters.

So, I looked into this particular item. I found that production of velveteen in the United States in 1954, as reported by industry spokesmen to the Committee for Reciprocity Information, was only about 3 million square yards as compared with 11 billion square yards of broad woven cotton cloth and that there are less than 1,000 workers producing velveteen, as compared with over 1 million textile mill workers of all kinds, including 320,000 producing broad woven fabrics.

I learned also that velveteen is manufactured by a branch of the industry which makes pile fabrics, including corduroy as well as velveteen and that velveteen comprises only about 20 percent of this industrial operation. Velveteen has been having difficulties since World War II in retaining its market, but during the same period corduroy has enjoyed tremendous expansion. For example, in 1939, the United States produced 5 million yards of velveteen and 39 million yards of corduroy and in 1953 our production figures were 7 million yards for velveteen and 142 million for corduroy. In the light of these figures it would seem reasonable that any excess of workers producing velveteen might be shifted to the production of corduroy by the same companies.

There are no imports of corduroy to speak of, and corduroy is not on the list of products being considered in the present trade negotiations. Corduroy is protected by a 50 percent ad valorem tariff, which has never been reduced in any trade agreement. Yet the workers who wrote to me had been led to believe that their livelihood depended on defeat of H. R. 1.

Leaving out corduroy and considering velveteen alone, I learned that imports

of this material practically disappeared during the war and reestablished themselves slowly thereafter. The percentage of increase of velveteen imports from 403,000 square yards in 1949 to 4.7 million in the first 11 months of 1954 sounds tremendous. But it should not be overlooked that imports in 1936 were 5.2 million square yards and post-war imports have not yet reached the pre-war figure.

Another factor which must be considered is that an extra boost was given to imports when foreign producers found that by adding waterproofing, which disappeared at the first washing, they could get their product in at a tariff rate of 12.5 percent instead of 38 percent. That loophole was plugged in January of this year by administrative action, and this action should substantially reduce import competition. If, however, imports continue to threaten the existence of domestic producers of velveteen, they have the right to present their case under the escape-clause provision of the Reciprocal Trade Act, and I have the personal assurance of President Eisenhower that their case will be given full consideration, consistent with his promise to administer the law in such a way that no American industry will be jeopardized.

Considering the cotton-textile industry generally, it appears that of some 320,000 workers employed only 2,000 or 3,000 are producing products directly affected by present imports, but that from 20,000 to 25,000 owe their jobs to exports of cotton cloth, and a far larger number depend indirectly on American exports for their employment.

Substantial increases in imports of cotton cloth from Japan in the last quarter of 1954 have been mentioned as an indication of the threat which our industry faces for the future, but it should not be overlooked that last year the Japanese Government undertook a policy of deflation, which left textile manufacturers of that nation short of resources with which to purchase raw cotton for their production. They therefore began to liquidate their inventories of cloth at distressed prices to acquire capital, and this naturally resulted in a sharp increase in our imports.

With this liquidation completed the movement should return to a more normal volume.

The other side of this particular picture, of course, is that Japan took 963,000 bales of United States raw cotton in the 1953-54 crop year, and if a way had not been found to continue that trade our farmers would have felt the pinch and passed some of it on to those with whom they do business.

Production of textiles in Japan and other nations need not menace American manufacturers if expanded world trade is promoted, because world per capita consumption of cotton textiles is only one-sixth that in the United States. If we help to increase the buying power of other nations and their people are able to increase their use of cotton by only a small fraction of the amount we now use, there will be tremendous new markets for our products as well as those of Japan.

COTTON TEXTILES UNDER H. R. 1

But let us now consider the cotton textile industry more specifically with relation to H. R. 1 to see just what basis there is for fear of the results of passing this bill.

If H. R. 1 is enacted, authority to reduce duties on cotton textiles would not be radically changed from that which is provided by existing law. Tariff cuts up to 50 percent from January 1, 1945, levels can be made under the present law and negotiations with Japan and several other nations are now in progress under that law. The actual amount of reductions which might be made in these negotiations is limited, however, by the fact that many cotton items, other than those imported chiefly from Japan, already have been cut an average of 30 percent since 1945, so they could not now be cut more than an average of 20 percent.

H. R. 1, as it passed the House, theoretically would have permitted a maximum additional cut of 15 percent to be made during the next 3 years on rates resulting from the pending negotiations and textile industry representatives felt this put them in double jeopardy. The question of whether the 15 percent formula would have applied to concession rates made in the pending agreement with Japan was largely academic, because, on the basis of past experience, it seemed highly improbable that a concession rate to Japan on an important, contentious item such as cotton cloth, would be made the subject of a further duty reduction to that country within a period of 3 years.

But, in order to remove any doubt, the Finance Committee adopted the George amendment, which specifically prohibits any additional cuts in rates which are reduced as much as 15 percent by the current negotiations. And this amendment applies to items other than cotton and to countries other than Japan.

In response to another fear expressed by the textile representatives, the George amendment also deleted from the bill a provision allowing reductions up to 50 percent of the January 1945 rate on items normally not imported or imported in negligible quantities.

The chief difference H. R. 1, as amended, would make, therefore, from the standpoint of the cotton textile industry, is whether the current negotiations with Japan can be continued, if necessary, beyond June 12, 1955, when the authority given under the existing law will expire. Surely Senators having important cotton-textile industries—Senators who always have stood for liberal trade-agreements policy—who have had the bill amended in committee at their request, should support it now without other amendments that would further weaken the bill.

Let us see how little they have to fear.

The most important cotton-textile products are countable cotton cloths, which are listed for the current negotiations involving Japan.

Ever since World War I imports of cotton cloth have been small not only compared to United States production but also compared with their exportation,

and since World War II the ratio of imports to production has been even smaller than it was before that war. Production in the United States of countable cotton cloths has risen since the immediate prewar years by as much as 10 percent to 25 percent, depending upon the years taken for comparison. Imports, however, have failed to regain their postwar magnitude.

In 1937, a year of record production and record imports for the 1930's, imports were equivalent to 1.7 percent of domestic production. In comparison, in 1954, a year of about average postwar production but record postwar imports, the yardage imported was equivalent to only eight-tenths of 1 percent of domestic production. Also, in 1954, the yardage imported was only one-eighth of the yardage exported.

So, we come back again to the picture of an industry not hurt by imports but fearing a blow, especially if concessions are made to Japan. The industry should realize, however, that if an increase in imports should threaten serious injury both the present law and the pending bill provide machinery for relief.

PROTECTION GIVEN COTTON CLOTHS

Back in 1935-36, in a Democratic administration, with Cordell Hull as Secretary of State, when we were threatened by excessive imports of cotton cloths from Japan action was taken to raise under the flexible provision of the law the rates which had applied under the Tariff Act of 1930 and those rates have never subsequently been lowered. That protective action was taken, moreover, without benefit of the escape clause which now permits action to be taken more quickly than under the flexible provision which required an exhaustive cost investigation. Additional protection has been provided by the peril-point provision and the President has never approved a reduction below a peril-point announced by the Tariff Commission.

So far as the branch of the textile industry which deals with manmade fibers is concerned the picture is this:

Almost the entire authority under existing law to reduce duties on textiles of manmade fibers has been exhausted and none of these fabrics are included in the current trade agreement negotiations. In spite of the reductions which have been made, however, total imports of these textiles are only one-fourth to one-seventh as great as our exports which exceed in value \$200 million a year.

It would appear, therefore, that the limited new authority conferred under H. R. 1 would be to the interest rather than the disadvantage of the manufacturers of products like the synthetics which would gain by the reduction rather than perpetuation of existing barriers to world trade.

The safeguards for American industry which have been included in the existing Reciprocal Trade Act and the restrictions placed around the limited additional power which would be granted under H. R. 1, fully justify the position taken by the United States Chamber of Commerce in calling the bill "an appropriately cautious and gradual approach"

to an extension of the trade act, and the editorial comment in the Christian Science Monitor which said the President's program, which the bill represents, "actually is a mild one, not likely to achieve by itself either the great good or the great evil extremists foresee."

THE OIL AMENDMENT

Time will not permit me to discuss all details of the foreign oil limitation amendment, but I wish to mention briefly why I am opposed to it. It is being sponsored primarily on behalf of the bituminous coal industry which, of course, has suffered serious competition from both natural gas and oil since the coal operators permitted the head of the United Mine Workers to price their product out of the market to justify his boast to the members of his union that they were the best paid in the Nation.

I am, of course, very much interested in the coal business because of its importance to Virginia, and I am deeply concerned about the economic problems which now confront it, but I do not believe the answer to those problems is to cut off oil imports as is proposed. From 1947, the peak of coal production, to 1953 demand for our coal decreased by 155 million tons, but consumption of heavy residual fuel oil increased during that period only by an amount equivalent to 11 million tons of coal, and of that increase 6 million tons were in public utilities where coal consumption increased during the same time by 26 million tons.

The major reasons for the decline in use of coal were dieselization of railroads which cost 82 million tons and conversion of space heating to natural gas and light oil which cost 38 million tons. There also was a decline of 35 million tons in our exports of coal; and one sample of the reason for that decline was what happened in Denmark when we cut off the imports of bleu cheese they had been sending to us, and the Danes then stopped buying West Virginia coal and started using Polish coal instead.

Our coal exports in 1954 had a value of \$304 million, and that represents the substantial stake of this industry in world trade, especially since industry spokesmen have testified that American miners who produce nine tons a day can make coal available to Europe at a lower price than German miners who produce only 1.2 tons per man per day.

An effort to regain lost markets by promotion of use of coal here and abroad would profit the coal industry much more than the amendment limiting oil imports.

Aside from the fact that the proposed oil limitation amendment would not materially benefit the coal industry, it would be distinctly detrimental to other American business and to consumers of fuel oil.

Most of the residual oil now comes from Venezuela, which has been taking imports from the United States to an annual value of \$500 million. Manufacturers in 30 States employing an estimated 100,000 people now producing exports for Venezuela would be hurt by the loss of that business. There also would be a generally detrimental effect on our relations with Latin America

which would mean loss of export business to other nations in that area.

Homes which now use oil for heating and industries which use heavier fuel oils also would be affected by a cutting off of imports to an extent out of all proportion to the benefits to the coal industry. Their problem would not be simply one of paying a higher price for fuel but of paying large amounts to convert heating plants from oil to coal use and to provide coal storage space. Many, of course, would refuse to do this and instead of changing from oil to coal, if oil became scarce, they would change to natural gas.

The national defense angle also must be considered. Existing coal mines, by going to a full week without overtime, could increase our coal production by from 150 to 200 million tons a year; so, without further stimulation, we have the potential to produce all the coal that would be needed in a war emergency. On the other hand, our need for additional oil in such an emergency would be critical and oil supplies from friendly countries would be badly needed.

To quiet any lingering fears as to the defense aspect of oil imports, however, the Finance Committee adopted the Byrd-Millikin amendment authorizing the President to limit imports of any article being imported in such quantities as to threaten our national security. That amendment would apply also to such items as lead and zinc.

As I indicated in my opening remarks, those of us who have supported the reciprocal trade program since its inception are primarily concerned as to whether this bill will be as effective as it should be in stimulating world trade. The effect of a reduction of not more than 15 percent in tariff rates over a period of 3 years on a limited number of items should be negligible from the standpoint of American industry, but the question is whether we shall be able to offer sufficient inducements to attract nations into agreements that would expand our exports as much as we would desire.

LARGER QUESTIONS INVOLVED

In considering the pending bill and the program with which it deals, we must realize that something much bigger is involved than the welfare of any one small segment of American industry.

We are proud of our American industrial system. We believe that citizens who are guaranteed religious and political freedom and an economic freedom which includes the privilege of profiting from the fruits of individual enterprise can compete successfully with any nation in the world.

We know that in spite of our overall ability to outproduce any national economic rival there are some specific items in which others who have a natural advantage excel. Where these are concerned our choice is to sustain our production through some kind of subsidy, whether direct or through import restrictions, or to let production dwindle and perhaps stop.

High-tariff advocates cry out that to allow any of our industries, however small and unimportant, to sink under the tide of foreign imports is a heartless deed

on the part of the Government. It is self-evident, however, that many who take that position do not believe that what is good for the Government is good for them in their own business.

Large companies with multiple plants and diversified operations frequently find that a line of goods being produced is not returning a satisfactory profit; or that a factory unit, perhaps because of outmoded equipment or unfavorable location, is operating at a loss. Does the management then recommend to the board of directors that the status quo be maintained by taking from the return of the more profitable units enough money each year to balance the losses of the unprofitable ones? Oh, no. If it did, there soon would be a new management. What the competent manager does is to eliminate the cause of the loss.

Sometimes this can be done fairly simply by modernizing plant layout and putting in new machinery or by bringing out a new model. At other times the change is more complicated because it means teaching workers new skills or even abandoning a plant and reopening in another city, with new workers replacing those unwilling or unable to make the move.

These changes may be made cold-bloodedly, as has happened in cases where employees and communities have complained bitterly of a runaway plant. Or they may be made considerably, with every possible effort to avoid injury. But successful business executives, including some who are pillars of the American Tariff League, know that operating at a profit is a fundamental requirement of our economic system, and that when this calls for stern measures they must be taken, or else business failure will result in still more losses of jobs as well as profits.

The puzzling thing is the unwillingness of many of these businessmen to apply the same principle on a national scale. I would be the first to protect against a policy of our Government suddenly removing tariff barriers and leaving some of our industries and communities in the same kind of difficulties as those caused by a heartless management which runs away with its plant. Whatever may be the theoretical advantages of free trade, I realize that that system is impractical and would be unjust in the position in which we now find ourselves. But even the original concept of the reciprocal trade-agreement program contemplated no such harsh measures, and the very much watered-down version we now have and propose to extend is more considerate of our problem industries than many individual corporations are of their own weaker units.

Having given full consideration to those who might be inconvenienced or whose prospects for future growth might be limited by a continuation of reciprocal trade, however, we must look to the larger interests of our Nation and the world.

A decision on freer international trade involves the hard core of our foreign policy, because economic warfare, while

it may fall short of cold war, is nevertheless a disrupter of peaceful cooperation.

The Hull program, which those familiar with tariff history know was the only practical means of modifying the extreme and in some instances prohibitive rates of the last general tariff act of 1930, has its foundation in the Christian principle of doing unto others as we would that they should do unto us. With some 800 million people already isolated behind the Iron Curtain of communism, the nations left in what we call the free world must have an opportunity to exchange the things they produce for things they do not produce and to have the mutual advantage of trading the things they produce best for things others produce best. If denied the privilege of such exchange with other free nations, some at least of them will be forced to exchange with countries behind the Iron Curtain, thereby increasing the military as well as the economic power of the Soviets and, by the same token, their potential threat against us.

A program of freer world trade also has deep domestic significance.

DOMESTIC SIGNIFICANCE

All of us who represent agricultural States know that farmers now engaged in production of cotton, tobacco, and wheat face a dim future if we must continue to shrink production to the level of domestic demand. For example, Secretary of Agriculture Benson recently referred to an export "goal" of 6 million bales of cotton, which would amount to around 40 percent of our annual production. But we have not exported that much cotton in any year since 1935, and to preserve our domestic market in recent years it has been necessary to reduce acreage quotas to a point where many small farmers have had too small an allotment for subsistence. Tobacco farmers who have counted on exporting 25 percent of their crop likewise have felt the pinch of acreage restrictions.

Representatives of industrial States cannot overlook the impact of our trade program especially on mass producers of durable goods. In 1953, for example, we exported 23 percent of our tractors, 22 percent of our textile machinery, 32 percent of our sewing machines, 15 percent of trucks and busses, 13 percent of refrigerators, and 36 percent of civilian aircraft. Our manufactured goods exported that year accounted for 70 percent of our total exports and had a total value of \$9.5 billion.

A third and most important domestic factor which no member of Congress should ignore is the right of American consumers to buy in a free and competitive market. For many years we have had good antitrust laws on the books, but we have never had adequate enforcement of them, and I fear we never shall have it. The whole trend of American industry is toward domination of the domestic market by a relatively few large industries. Even if the leaders of those industries do not sit down behind closed doors and fix prices, it has become relatively simple, when only a few big industries are involved, for them to agree

on a type of price fixing which is not illegal but is just as effective as if it were.

It does not take an investment of \$1 billion or more in plant and equipment for an American importer to bring into this country manufactured goods the sale of which will constitute a restraint upon monopoly price control.

As an example of the influence of foreign competition on our prices: American manufacturers of heavy electrical equipment have complained in recent years because of orders given to foreign manufacturers, and their representatives appeared as witnesses against H. R. 1, pleading they must have tariff protection as a national defense measure.

Nevertheless, General Electric was able to bid \$1.5 million less than was bid by the lowest foreign bidder for eight large generators for the Dalles Dam last September; and after all of the original bids for generators at the Chief Joseph Dam had been rejected, Westinghouse demonstrated what it would do when faced with competition by winning with a bid \$716,000 below its original price.

It is understandable, therefore, that Secretary of Defense Wilson, with his background in big business, but with his devotion to the welfare of the United States, should have testified in favor of this bill and said that two-way trade with out allies is just as important, from a defense standpoint, as military alliances; and that Secretary of Commerce Weeks, another businessman, should have said the bill would foster prosperity and would not harm efficiently managed American industries.

It also is understandable that the principal farm organizations, the American Federation of Labor, and the CIO, and also organizations of consumer groups including housewives, who spend most of the family money, should have endorsed the bill because they felt the people of the United States should have the privilege of buying at a reasonable price foreign-made goods which complement but do not directly compete with domestic products.

A program of freer international trade is not a starry-eyed, visionary program of professional do-gooders. Neither is it what might be called a "give away" program under which we give or loan without hope of repayment. We have had too much of that in the past.

This program, of course, does involve permitting foreign nations which desire to purchase our products to acquire American dollars through normal channels of international trade. Some dollars can be acquired by services like shipping and by the spending of our tourists, but the bulk of dollars required to finance a proper export of American goods must be acquired through our purchase of foreign-made goods. This need not alarm us, however, because all economists except those employed to use tricky figures to prove the harmful effects of imports on domestic production are agreed that 95 percent of a good domestic market is better for our producers than 100 percent of a poor domestic market. There never has been a time, so far as I can ascertain, when if imports were properly dispersed and not

concentrated we could not absorb without harm imports to the value of 5 percent of our domestic production.

The soundness of our present position from this standpoint is indicated by the fact that in 1953 the total volume of our imports represented only 3.2 percent of our gross national product and in 1954 only 2.8 percent.

A QUESTION OF CONFIDENCE

I am supporting H. R. 1 without hamstringing amendments, therefore, because my confidence in the value of promoting world trade on a mutually beneficial basis remains as strong now as it was 20 years ago, and also because I have confidence in the repeated statements of President Eisenhower that he will administer the law in such a way that no American industry will be jeopardized. That confidence, naturally, is in the President himself, and not in any underling in the State Department; and, therefore, when I say I trust the President and ask my colleagues to do likewise, it is with the definite and distinct understanding that when any issue arises as to the effect of tariff rates on domestic industry the President will get all the facts and then will make the final decision and assume responsibility for the action taken.

As I said at the outset of these remarks, despite misrepresentations to the contrary, not a single tariff rate can be reduced under the bill except by a deliberate and considered action of the President. The vote on the bill, therefore, boils down to one of confidence or lack of confidence in the man in the White House. The decision is one which should be made without partisan considerations. But I feel justified, speaking from the Democratic side of the aisle, in asking: If the members of the President's own party refuse to give him a vote of confidence on this issue, on what logical ground can they ask the people to back their choice in the next national election?

In supporting this bill I assert my belief in intangible realities—the value of good will among the democratic nations of the world, and the necessity for faith in assurances of our Chief Executive that his supreme purpose in life is to promote it.

ASIAN-AFRICAN CONFERENCE AT BANDUNG, INDONESIA

Mr. LEHMAN. Mr President, all of us have noted with considerable interest the reports of the recent Asian-African Conference held in Bandung, Indonesia.

While the United States Government was not officially represented at this Conference, and, in fact, failed even to transmit greetings to the Conference, a number of American citizens were in attendance at the Conference as unofficial observers.

Representative ADAM CLAYTON POWELL, of New York, was among the unofficial observers who attended the Conference as an individual. We are proud of Representative POWELL's outstanding performance at Bandung. The Nation should be grateful to him. The plain

fact is that Representative POWELL was one of the few Americans who understood the highly significant nature of the Conference and took it upon himself to indicate to the delegates and to the world that many Americans are interested in the problems and forces which concern the peoples of the great African and Asian Continents.

Representative POWELL understood the basic motivating forces behind the delegates attending the Conference. He understood the follies and errors of past Western colonialism, as well as the dangers and threats presented by present-day Communist colonialism.

Representative POWELL gave an on-the-scene answer to the erroneous and exaggerated propaganda so viciously spread by the world Communist propaganda mechanism concerning the treatment of Negro and minority groups in the United States. The strides which have been made toward the achievement of equal rights and equal opportunities for all our citizens can be a great weapon against Communist propaganda, if the truth be placed alongside the realization that there is going on in the United States a constant struggle to eliminate from our Government and our society the remaining elements of injustice and discrimination.

It is interesting to note that Representative POWELL's contribution has been recognized in all parts of our Nation. On April 22 a column written by the eminent editor of the Atlanta (Ga.) Constitution, Mr. Ralph McGill, was published in the Miami Daily News. The column gives an extremely interesting analysis of Representative POWELL's attendance at the Bandung Conference, and of the official American attitude toward the Conference. I concur in Mr. McGill's observations.

I ask unanimous consent that the article by Mr. McGill be printed in its entirety at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Miami Daily News of April 22, 1955]

REPRESENTATIVE POWELL AT BANDUNG (By Ralph McGill)

WASHINGTON, April 22.—One of the really astonishing stories in Washington is that of the Negro Congressman, ADAM CLAYTON POWELL, and the reluctance of the State Department to grant him a visa to go to the Asian-African Conference at Bandung, Indonesia.

He is paying his own expenses. He is at Bandung to say to the Communist world that the American Negro believes in democracy. It would have been a bad idea, in fact, to pay his way because he then would have been an official representative. But it is a sad commentary on the most public-relations and advertising-wise nation in the world that we did not encourage him to go.

I telephoned his office and a young lady said they had not heard from him but that this was good. He was to contact them only if he was in trouble. They said they were pretty proud of him and, I guess, we all are.

GEORGE EXPRESSED CONCERN

Representative POWELL met with very strong resistance when he applied for a visa. I tried to get an answer from the State Department and, of course, got no-

where. They said, "No comment." I got as far as the Assistant Secretary and it still was no comment.

Senator WALTER GEORGE, chairman of the Senate Foreign Relations Committee, last week expressed a great concern about the State Department attitude toward this Asian-African conference. He said we were making it appear we were hostile to the meeting. He was of the strong opinion we should have been on record there as a friendly nation interested in peace.

Representative POWELL publicly and privately sought to have President Eisenhower send greetings to the conference. This, too, was refused.

Anyhow, Representative POWELL went. And he has proved to be a very real thorn in the side of the Communist leaders there. It is a conference of nations of colored peoples. The United States was not invited since the meeting was one of Asian and African countries. Yet Representative POWELL proved to be perhaps the most effective person we could have sent had we been invited.

They didn't allow him to speak, since he was not an official delegate, but at a press conference he naturally drew a great crowd of reporters.

At this press conference Representative POWELL fired both barrels at the Communists. He said he was there as a Negro to say the Communists lied when they talked about how horribly the Negro is treated in America. He was in the strong position of being there on his own. The could not charge him with being a paid voice.

He told them that racism and second-class citizenship are on their way out in America. He had a list of Negroes who have been elected to office in the United States and he made a point that a number of these were in the South.

WE ARE COLDLY ALOOF

Homer Bigart, of the New York Herald Tribune, reported that the Communist reporters present put away their notebooks in disgust. They were not happy to have their favorite anti-American propaganda upset by an American Negro who had paid his own way there to tell them the truth.

There are 29 nations at Bandung. Romulo of the Philippines has done a good job of carrying the ball for the free nations. It is interesting to note that he placed his finger on our great foreign policy weakness which is our support of unworthy, colonialtype governments. We had other friends there.

But this great world power sent no greetings. We stood coldly aloof despite the fact we had staunch friends there. Representative POWELL did a great service to his country. He said the tyranny of communism lied about the place and the role of the colored people in America. Why they didn't want him to go and why we did not send greetings is a troublesome mystery. And, also, an accusing commentary on the State Department.

Mr. LEHMAN. Mr. President, there was another individual at that conference, an official representative of his country to whom the United States and the entire free world owe a debt of gratitude. I refer to Gen. Carlos P. Romulo, who was the chief of the delegation of the Philippine Republic to the Bandung meeting. General Romulo is, of course, an old friend of the United States, while he is at the same time a tireless advocate of the interests of his own country.

I think he is generally recognized, not only in the United States, but also throughout the world, as one of the leading statesmen of the free world. He has long been one of the most eloquent

spokesmen of the ideals and aspirations of the peoples of Asia and of Africa, too. General Romulo played a magnificent role at Bandung. In the actual developments of the conference, his was one of the most influential and forceful voices. He did much—as much as any other single individual I know—to expose, at that conference, the concept of Communist colonialism.

In this connection I ask unanimous consent to have printed in the RECORD a commentary on General Romulo's role at Bandung, written by Mr. Thomas L. Stokes, and published in the New York Post of April 29, 1955.

There being no objection, the commentary was ordered to be printed in the RECORD, as follows:

ROMULO'S MANEUVER
(By Thomas L. Stokes)

WASHINGTON.—Perhaps as important as anything that happened at the recently concluded Asia-Africa conference at Bandung, Indonesia, was the constant repetition of 1 simple, but telling, message to people who are still free in that great area of the world.

This is that Russia and the Red Chinese colonialism is just as bad as, if not worse than, the form of colonialism which nations of Asia and Africa have shaken off, or are in the process of shaking off.

What was so important was that this message—this truth—was spoken, not by the West, but by representatives of the Asian and African nations themselves. For the first time hundreds of millions in Asia and Africa, newly aroused, newly unshackled, looking about for means and measures to realize their independence, were plainly told by their own kind of the new danger. They were told, in effect:

"Be sure you do not drop 1 set of chains only to take up another."

One man is recognized here as the genius of this particular strategy. He long ago felt that the most effective way to check the advance of communism in Asia is for people of their own kind who know about communism and understand its devious and seductive tactics to tell Asia and Africa about it.

This man, the brilliant and eloquent Brig. Gen. Carlos P. Romulo of the Philippines, went to Bandung with the idea of making it a forum for the simple message. Very skillfully he outmaneuvered Prime Minister Nehru of India, who wanted to keep out critical talk; and he got the conference opened at the outset to all who wanted to talk—and many did, and critically of Russia and Red China.

Romulo, is, as we know, a friend of the West. He is also a champion of the Asians. Once he had the conference opened up, then he himself opened up, and one after another followed spokesmen for Thailand, Pakistan, Iran, Iraq, Turkey and, finally and to some unexpectedly, the Prime Minister of a country not hitherto identified with the West, as were the others. This was Sir John Kotelawala, Premier of Ceylon, which happened also to be one of the sponsoring nations, and thus a host.

Speaking up frankly and boldly, he said that the Soviet Union had colonialized Central and Eastern European countries from the Baltic States south to Bulgaria and Albania. As for Communist China, he challenged the sincerity of its pronouncements that it was read to coexist with other countries without interfering in their internal affairs. All he had to do was to point, as he had done with Russia, to subversive movements by Red China. Of Russia and China, he said:

"They have not attempted to disguise the fact that their ultimate and constant aim is to weaken and undermine the legally constituted governments of our countries so that at the appropriate time we can be transformed into satellites of Soviet Russia or Communist China."

He asked that both Communist colonialism and western-type colonialism be condemned. There was no denying the effect of the Ceylon Premier's blunt speech. He and others skeptical of Russia's and Red China's motives shunted aside Indian Prime Minister Nehru's tightrope-walking performance.

It was in a comprehensive speech showing how Russia and Red Chinese colonialism has meant the end of liberties that General Romulo delivered his warning to Asian and African delegates present not to shake off one colonial domination only to come under enslavement of a new tyranny.

"I do not think," he declared, "we have come to where we are only to surrender blindly to a new superbarbarism, a new superimperialism, a new superpower."

He told how the yearning for national independence can be exploited.

"It is perilously easy in this world for national independence to be more fiction than fact," he said. "Because it expresses the deepest desire of so many people in the world, it can be unscrupulously used as a shibboleth, as a facade, as an instrument for a new and different kind of subjection."

His hearers knew of whom he spoke there. They did, too, when he said in countries thus subverted in the name of national freedom he wondered if you could read in the press or hear in the public speeches of their spokesmen anything resembling the open criticism and other attacks that were common fare in places like India and the Philippines even before independence.

MENTAL HEALTH WEEK

Mr. FREAR. Mr. President, I have the privilege of serving as honorary chairman of Mental Health Week in the State of Delaware this year, and in that connection, we will have in Wilmington tomorrow an appropriate observance of the occasion.

In accepting the chairmanship of the week-long program, I did so with the conviction that the Nation's mental health problem is of such proportions as to require significant and constructive attention from public and private sources alike.

I understand that more than half the hospital beds in this country are devoted to the care of the mentally ill, and that, at the present rate of illness, 1 in every 12 children born in this country will spend some time in a mental institution—Hoover Commission's Task Force on Medical Services.

In my State of Delaware, which is an affiliate of the National Association for Mental Health, we are hoping to make every Delawarean aware of his stake in the often neglected health problem of mental illness.

We are trying also to demonstrate ways and means of improving the mental health of our communities, and to this end we have been seeking the support of voluntary organizations, Government and professional groups, churches, business and labor organizations, service clubs, schools, hospitals, and clinics.

It is our hope that by the development of a detailed plan of activities and events we can make real advances in striking back at mental illness and can build mental health in Delaware and throughout the Nation.

**HIGHWAYS FOR SURVIVAL
COMMITTEE**

Mr. WILEY. Mr. President, I was pleased to note in the April 28 issue of the New York Journal-American an important article describing the formation of a new national organization, entitled "Highways for Survival Committee."

The organization's leaders include Mr. William Randolph Hearst, Jr., editor in chief of the Hearst newspapers, who took a key part in organizing this committee.

The distinguished men and women who will comprise the committee are an encouraging indication of its outstanding caliber. And, so, I wish this committee every success in its vital efforts.

Here in the Congress, while there are obviously some difficulties being experienced in working out the financing of America's highway modernization program, the fact of the matter is that neither this, nor any other obstacle, should prove insuperable or should cause long delay in getting this indispensable highway-expansion program under way. Highways for survival can help, and will help, point the way.

I ask unanimous consent that the text of the Journal-American's article be printed at this point in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**HIGHWAYS FOR SURVIVAL: FORM NEW GROUP
TO SPEED ROADS — THIRTY-EIGHT LEADERS
UNITE TO GET MORE ACTION ON PROGRAM IN
CONGRESS**

(By Don O'Connor)

WASHINGTON, April 28.—A new organization called the Highways for Survival Committee was formed yesterday to get more action and less talk out of Congress on an improved national highway program.

Thirty-eight prominent industrial, business, and civic leaders, including William Randolph Hearst, Jr., editor in chief of the Hearst newspapers, took part in organizing the committee.

The group announced its sole aim is to arouse public opinion to the need for modernizing and completing the 40,000-mile interstate highway system within the next 10 years.

This, they said, would lead to greater interest in primary, secondary and urban roads.

Arthur O. Dietz, president of the CIT Financial Corp., was named provisional chairman of the committee.

WANT PROGRAM STARTED

In explaining the group's aims, Dietz declared:

"Our committee does not advocate any specific legislature. Our only concern is to get an adequate highway program underway and get it completed as soon as possible."

While not endorsing any one plan, Dietz said the committee is satisfied that President Eisenhower's recommendation to spend \$101 billion in Federal, State, and local funds over the next 10 years would provide adequate roads.

He said the organization also believes the administration's proposal to finance highway construction with long-term credit is feasible, but emphasized that any sound financing method would be acceptable.

COMMITTEE MEMBERS

Other members of the committee are:

Murray A. Baldwin, former mayor of Fargo, N. Dak.; J. D. Biggers, Toledo, chairman, Libbey-Owens-Ford Glass Co.; Walter Bimson, Phoenix, Ariz., chairman, Valley National Bank; Mrs. Theodore Chapman, Jerseyville, Ill., president, Women's Clubs of America; L. L. Colbert, Detroit, president, Chrysler Corp.; John L. Collyer, Akron, chairman, B. F. Goodrich Co.; Gardner Cowles, New York, president, Cowles Magazines; Harlow H. Curtice, Detroit, president, General Motors Corp.; Donald K. David, Boston, Harvard University.

Calvin Fentree, Jr., Skokie, Ill., president, Allstate Insurance Co.; Charles T. Fisher, Jr., Detroit, president, National Bank of Detroit; Henry Ford, II, Dearborn, president, Ford Motor Co.; Walter D. Fuller, Philadelphia, chairman, Curtis Publishing Co.; Hugh Gregg, Nashua, N. H., former Governor of New Hampshire; Paul G. Hoffman, Los Angeles, chairman, Studebaker-Packard Corp.; Devereux C. Josephs, New York, chairman, New York Life Insurance Co.; Oscar Lawler, Los Angeles, president, Farmers and Merchants National Bank.

Paul W. Litchfield, Akron, chairman, Good-year Tire and Rubber Co.; Thomas R. McCabe, Chester, Pa., president, Scott Paper Co.; Alan C. McIntosh, Luverne, Minn., publisher, Rock County Star-Herald; Robert Moses, New York City Coordinator of Construction; Herschel D. Newsom, Washington, master, National Grange; Howard C. Peterson, Philadelphia, president, Fidelity Philadelphia Trust Co.; B. Earl Puckett, New York, chairman, Allied Stores Corp.; Alfred Reeves, New York; John A. Riggs, Jr., Little Rock, Ark., president, J. A. Riggs Tractor Co.

W. F. Rockwell, Pittsburgh, chairman, Rockwell Manufacturing Co.; George Romney, Detroit, president American Motors Corp.; Harold F. Schnurle, Augusta, Me., vice president, Central Maine Power Co.; Louis B. Seitzer, Cleveland, editor, Cleveland Press; Alfred P. Sloan, Jr., New York, president, Alfred P. Sloan Foundation, Inc.; Robert G. Sproul, Berkeley, president University of California; John Wickham, Cutchogue, N. Y., president, New York Good Roads Association; Frazer B. Wilde, Hartford, president, Connecticut General Life Insurance Co.; and Ben Wooten, Dallas, president, First National Bank in Dallas.

THE INSPIRING FILM "ASSIGNMENT: CHILDREN"

Mr. WILEY. Mr. President, on Thursday, May 5 there will be an invitation screening here in Washington of a notable American film. It is "Assignment: Children," filmed in color by Paramount Pictures, with the world-famous comedian, Danny Kaye, on behalf of the United Nations International Children's Emergency Fund.

This film is one of the finest short features which it has even been my privilege to witness. It will give a great lift to all who see it. It will show them, as only the magic of the motion picture camera can, what is being done on behalf of the children of the world.

The children of today will be the men and women of tomorrow who will conduct the affairs of the world. This picture will cause us and them to realize and

accept the responsibility which we and they have. I suggest that all who can see the motion picture do so.

Mr. President, I send to the desk a statement which I have prepared on this subject, and ask unanimous consent that it be printed in the body of the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

A MODERN FULFILLMENT OF "SUFFER THE LITTLE CHILDREN TO COME UNTO HIM"

All religion teaches us love of children and tending to their needs for "of such is the Kingdom of Heaven."

Throughout the world, in every faith is found the injunction to protect these innocent little ones.

Yet, it has been estimated that 600 million children—two-thirds of the children of the world—are without adequate food, clothing, shelter, sanitation, or minimum medical protection.

That is certainly a shocking fact to us Americans whose children fortunately enjoy the highest standard of living and the highest life expectancy of any youngsters on earth.

Everything in America's humanitarian tradition, everything in our religious background, impels us to do what we can on behalf of suffering youngsters abroad.

UNICEF's marvelous accomplishments

Fortunately, we have in the U. N. Children's Fund an ideal medium by which to fulfill our responsibilities.

With a relative minimum of appropriations, UNICEF has performed sheer miracles. This year in its tuberculosis vaccinations, in its treatments against malaria, yaws, and trachoma, and in its child-feeding projects, it is reaching 31.8 million mothers and children throughout the world.

To date, it has vaccinated 43.5 million youngsters in 58 countries and territories against tuberculosis alone. It has provided penicillin to cure 3 million children of yaws. It has protected 13 million against malaria. And there are countless other impressive statistics on UNICEF's work.

UNICEF involves no handouts

Let me point out that UNICEF is no hand-out organization. While it draws contributions from nearly 100 countries and territories, it works on a matching basis with the governments of the countries which benefit from it.

Much of its work is in the training of nurses, midwives, and other child-care workers in backward countries. And implicit in all the work is the concept of real continuity, having the country which benefits carry on with the work long after UNICEF has helped get it underway.

Film industry cooperation on picture's release

All this is the great subject matter of the Danny Kaye movie—an enterprise for which he traveled 40,000 miles.

The fact that the feature comes off well is attested by Hollywood itself, which gave Mr. Kaye a well-deserved academy award for his contribution to the film and to American entertainment in general. The film is, of course, being greeted enthusiastically throughout the Nation and Paramount Pictures which has done such a tremendous job in the nonprofit production is going all-out in its distribution plans with the cooperation of theater owners throughout America. Proceeds are, of course, donated to UNICEF.

Back in February, Assignment: Children was previewed at the U. N. General Assembly Hall and at the Paramount Studio on

the west coast where it was welcomed with unanimous acclaim.

At the United Nations preview, Secretary-General Dag Hammarskjöld expressed his appreciation for the great job which had been done by Paramount Pictures and others on the film, as did Mrs. Guido Pantaleoni, chairman of the United States Committee for UNICEF, and Dr. Balachandra Rajan, chairman of the UNICEF's Executive Board.

Here in Washington, I had personally arranged for a preview screening which numerous public officials and private citizens indicated they thoroughly enjoyed.

Now, I am pleased to announce the public international screening this coming Thursday night, at the Ontario Theater. We hope that all of the many individuals in the executive and legislative branches having to do with UNICEF will have the opportunity to see this fine film at that time. Assignment: Children is, it should be noted, being presented by the United Nations and the motion-picture industry.

Washington premiere committee

A distinguished local committee for the premiere has been working on it, and I am pleased now to list the members of the committee.

Washington premiere committee of "assignment children"

Honorary chairman: Mrs. John Foster Dulles.

Chairman: Mrs. Robert Low Bacon.

Mrs. Louelia Miller Berg, Mrs. Mary M. Bethune, Mrs. Robert Woods Bliss, Hon. Frances Boiton, Mrs. Fred H. Brooks, Mrs. Morris Cafritz, Mrs. Julius Cahn, Mrs. J. Miles Carter, Mrs. Theodore S. Chapman, Mrs. Raymond Clapper, Mrs. Harry Davidow, Mrs. Carlos Davila, Dr. Martha Eliot, Mrs. Albert E. Farwell, Dr. Dorothy Ferabee, Hon. J. William Fulbright, Mr. Marvin Goldman, Mr. Philip Graham, Mrs. Robert Guggenheim, Mrs. J. Dennett Guthrie, Miss Christine Heintz, Mrs. Dorothy D. Houghton, Mrs. James W. Irwin, Hon. Walter H. Judd, Mrs. Randolph Kidder, Mrs. John Lee, Mrs. Herbert Lehman, Mrs. Reeve Lewis, Mrs. Roy St. Lewis, Mrs. Oiya Margolin, Miss Margaret Mealey, Mr. Robert McLaughlin, Mrs. Perle Mesta, Mr. Edgar Morris, Miss Marguerite Rawalt, Mrs. Nelson Rockefeller, Mrs. Francis Sayre, Mrs. Bernard M. Shanley, Mrs. Carolyn Hagner Shaw, Mrs. Jouett Shouse, Miss Bess Davis Schreiner, Mrs. John Farr Simmons, Mrs. Hobart Spaulding, Mrs. Alexander Stewart, Mrs. J. Austin Stone, Mrs. Ada Barnett Stough, Mrs. Frank Strobe, Mrs. DeForest Van Slyck, Senator Alexander Wiley, Mrs. Charles Willis, Mr. E. Raymond Wilson.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. MANSFIELD obtained the floor.

Mr. MALONE. Mr. President, will the Senator from Montana yield to me?

Mr. MANSFIELD. I yield.

THE MINORITY REPORT ON THE EXTENSION OF THE 1934 TRADE AGREEMENTS ACT

Mr. MALONE. Mr. President, the Constitution of the United States, recognizing the temptation to barter the domestic economy for foreign policy considerations, pointedly separated the responsibility for the regulation of the domestic economy and foreign trade from the fixing of foreign policy.

The first is delegated to the legislative branch under article I, section 8; and the second is definitely the responsibility of the executive branch, under article 2, section 2.

DOMESTIC ECONOMY TIED TO FOREIGN POLICY

The 1934 Trade Agreements Act tied the two together under the President through the simple expedient of transferring the regulation of the domestic economy and foreign trade from the Congress to the President. It effectively amended the Constitution without submitting the amendment to the people, and constituted one more link in the 22-year chain of the transfer of the legislative power of Congress to the executive branch.

The act places in jeopardy every product or industry in this Nation needing protection to maintain our wage standard of living as compared to the lower wage standard of living of foreign nations.

Prior to the 1934 Trade Agreements Act the century-old principle of adjusting the duties or tariffs on the basis of fair and reasonable competition was to develop the whole country and industries alike. Now, under the principle of including international political considerations, the President may trade any sector of the American economy for an international policy purpose if in his judgment the overall interests of this Nation are benefited.

NATIONAL ECONOMY—BASIC SECURITY

Mr. President, an amendment to H. R. 1 was accepted, in the Senate Finance Committee, providing that if the Office of Defense Mobilization, which Mr. Flemming heads, reports to the President that imports are endangering the security of the Nation, the President may investigate, and if he finds as a fact that the security is endangered, then he may arrange quotas or safeguards.

Mr. President, any imports from the nations of the Western Hemisphere will not seriously impair the security of our Nation, but such imports may seriously impair the national economy upon which the basic security of this Nation is founded.

FLEXIBLE DUTY—IMPORTS

Mr. President, a flexible duty or tariff, adjusted on the basis of fair and reasonable competition, does not prevent imports; it simply brings the imports in when they are needed on the basis of our own wage standard of living.

Mr. MANSFIELD. Mr. President, the Senate of the United States is considering what could easily be the most vital piece of legislation in the 84th Congress—H. R. 1, a bill to extend and modify the reciprocal trade agreements program. The course of action taken by the Senate may very well prove to be the making or undoing of a strong foreign policy and a stable economy in the United States and the world. Congress must, and I am sure they will, send to the White House a trade program which will cement the solidarity of free nations and promote the economic stability of our own people.

The United States must take the leadership in liberating the free world's great economic potential. This is imperative

because we in America have the political and economic power to lead the course of action.

What we do in the next few days may mean the success or failure of our foreign-trade policy. The final form of H. R. 1 can mean prosperity, a high level of employment, a sound trade policy, and a stable business economy, or it can mean falling prices, unmanageable surpluses, unemployment, and a slump in our domestic economy.

Since 1934 the reciprocal trade agreements program has been an essential part of our foreign economic policy. An expansion of this program is in our own enlightened self-interest just as much as it is in the interest of the peace and security of the other nations of the free world.

Since 1947 the Trade Agreements Act has been somewhat diluted. In that year there was reached between congressional leaders and the State Department an understanding under which an escape clause was to be written into the agreements. Two years later came the peril-point provision, which requires that before reducing any tariff duty the President must first secure the advice of the Tariff Commission as to the points beyond which he cannot reduce duties without injuring domestic producers. By 1951 both the peril-point provisions and the escape clause were incorporated in the Trade Agreements Act itself. H. R. 1 represents a modification of the present law and increases the President's power to negotiate limited tariff cuts.

H. R. 1 provides the authority to reduce duties by 15 percent of their July 1955 levels. Another provision would allow the President to reduce duties presently higher than 50 percent to that ceiling. An additional provision gives the authority to lower duties to 50 percent of their January 1, 1945, levels on imports entering in negligible quantities only. This is somewhat of a curtailment because under the present law the President has the power to reduce all duties by this amount. In addition, the Senate Finance Committee has made other modifications and compromises.

It is important to bear in mind that H. R. 1, like the present law, is authorizing legislation only. It would confer powers upon the President; but its enactment, in and of itself, would not assure the reduction of a single tariff duty.

H. R. 1 has become the occasion for an old-fashioned, knockdown, drag-out, protectionist free-trade fight. I think all Senators are generally familiar with the operation of the Trade Agreements Act. So let us turn to the two important issues at stake in the free world, namely, the effect of this trade program on our domestic and foreign policies.

American industry has a big stake in export markets. In 1953 we exported nearly 25 percent of our lubrication oil, nearly half of our tracklaying tractors, and 36 percent of our civilian aircraft. In addition, 9 percent of our anthracite coal, 10 percent of our tinplate, 10 percent of our steel rails, 13 percent of our refrigerators, and 31 percent of our construction and mining equipment found overseas markets last year; also, 45 percent of our copper sulfate, 27 percent of

penicillin, 55 percent of rice, 31 percent of dried fruits, and 60 percent of tallow. For us now to take steps which would endanger these exports would force many of the industries into the most fundamental readjustments, and would set off a wave of repercussions which would affect our whole economy.

Even small local businesses share in the benefits of a high level of foreign trade, because of the extra purchasing power placed in the hands of workers in export industries.

There is much to be gained from increased trade. As taxpayers, we benefit because more imports help reduce the need of other countries for our aid. As all of us know, there has been extensive criticism of foreign aid. Increased trade is one substitute which will not upset the applecart.

Increased trade makes it possible for consumers to purchase more foreign-made goods than we need. Producers benefit because imports help foreigners earn the dollars they need to buy more American goods which they need and want, but cannot otherwise afford. Foreign trade promotes more profitable American investments abroad. All of us benefit because increased international trade creates a stronger free world, and thereby contributes to the possibilities for maintaining world peace.

The case for a sensible and practical foreign-trade policy does not rest simply upon its impact on our need for friends and allies. We ourselves stand to gain in economic terms if we choose the right policy. If we do not, we stand to suffer a heavy economic loss if we err. In dollar terms, our foreign trade amounted to \$37 billion in 1953; \$16 billion of imports and \$21 billion of exports. This amounts to 5 or 6 percent of our total production which goes into export trade. These figures seem insignificant at first glance; but we cannot overlook the fact that imports and exports, taken together, sustain 4½ million American jobs. We forget that we are no longer self-sufficient; we must rely on foreign sources for many of our critical raw materials and pleasures of life. Fifty years ago we could close our eyes to the rest of the world, and would retreat into our shell. Not so today. The world has become smaller, through the new and modern modes of transportation and communication. Our population is steadily increasing; our standard of living and consumption of raw and finished materials continues to rise. We must cooperate with the rest of the free world if we are to survive.

As pointed out in the House Report on H. R. 1, probably no segment of our economy has a greater stake in foreign trade than does agriculture. It has been estimated that annual exports of agricultural commodities represent the production of from 50 to 60 million cultivated acres. Our agricultural exports provide a market for the produce of 1 out of each 10 acres of cropland. In 1951, when our agricultural exports ran to \$4 billion, this was the equivalent of \$1 out of each \$8 in cash farm receipts in the United States.

In 1953, of our total production we exported 45 percent of our rice, 26 percent of our tobacco, 24 percent of our

cotton, 21 percent of our soybeans and products, 19 percent of our wheat and flour, 18 percent of our lard, 17 percent of our barley, 6 percent of our raisins, and about 5 percent of our pears and apples. From these statistics it can be seen that we export about one-fourth of our total production of some major agricultural commodities.

Since 1951, our agricultural exports have been falling off. Any time there is a falling off in exports of agricultural commodities, there follow lower prices and increased surplus problems, and there may follow acreage restrictions and marketing controls. In many cases, cropland is diverted from production for export to production of other commodities for domestic consumption. This means that even the agricultural commodities that are not exported can be directly affected as a result of a reduction in exports.

One of the most important answers to the problem of our agricultural surpluses is an expanded foreign market. Under the trade-agreements program, concessions have been obtained for almost every agricultural product customarily exported from the United States in any significant amount. The enactment of a liberal trade program will expand the foreign markets for agricultural products produced by American farmers—expanded foreign markets which they need so badly.

It is frequently stated that future reductions in tariffs will cause serious unemployment in particular industries by permitting large volumes of imports to enter the United States, underselling domestic production. The unemployment resulting from reduced tariffs is frequently exaggerated. As I have already stated, over 4 million jobs are attributable to work generated by our foreign trade—both export and import. On the other hand, it has been estimated that not over 100,000 workers might be threatened directly or indirectly, with the loss of their jobs, by increased imports resulting from a hypothetical reduction across the board of 50 percent in present tariff rates.

In order to displace 5 million jobs, there would have to be an increase of over \$25 billion in imports. This is equal to twice our actual imports, and four times our dutiable imports. The \$25 billion figure is arrived at by taking the Department of Labor figure on the average value of output per employee—\$5,000—and multiplying by 5 million workers.

Low tariff barriers have failed to depress labor standards and wages in the United States at any time in our history, and I do not think they will now. During the period in which the trade-agreements program has been in effect, the people of the United States have achieved the greatest prosperity the country has ever known. During this period, wages and working conditions of our workers have steadily improved, despite increased imports.

Opponents of the trade program often argue that tariff reductions in industries essential to national defense in time of war, endanger our mobilization base. They state that excessive imports can

so reduce domestic production in these industries that capital investment declines and skilled workers disappear into other lines of work, with the result that the rapid buildup necessary in an emergency would be impossible. H. R. 1 calls for a selective, not an indiscriminate, reduction of tariffs. The President, with his National Security Council and Department of Defense, will retain his full responsibility for safeguarding the national defense.

Since the introduction of H. R. 1 on the first day of the 84th Congress, the Nation's Capital has been bombarded with "protectionist" groups seeking to subordinate vital American interests to the creation of privileged, non-competitive positions for a few industries. If they are allowed to succeed, these few who are seeking privileges will become many. These protectionists would cut off many imports. In short, they would insist that we use up our own scarce resources, rather than draw them to the fullest economical extent from nations more willing to sell from their own abundance. These interests would impair the administration's power to grant firm tariff concessions to others in exchange for concessions to us.

The protectionist would, of course, impose upon the consumer the high prices that must always rule in a protected industry. By stimulating fears of imports, they attempt to divert attention from the need for genuine remedies in situations of industrial weakness.

The vital question here is, Would higher tariffs actually contribute to their strength, or would they merely add an unnecessary burden on the consuming public? Tariffs do not necessarily give new life to a dying industry; nor do they give life to an industry that is noncompetitive in the world market. Higher tariffs are not a sure cure by any means; they can easily increase and intensify the problems.

Too much emphasis is being placed on tariffs as a cure-all. Industries can find much more shelter if they pursue the possibilities of improved management, shifts in production lines, modernizing investment, withdrawal or relocation.

We should not freeze domestic production against all import competition. One of the great virtues of our individual enterprise system is its adaptability, its ability to adjust to technological and other changes.

There are problem areas. I am among the first to admit this, but higher tariffs will not help much. In the case of hand-blown glass, it has been stated that we have more of an art than an industry, and I am inclined to agree. It competes more on prestige and taste than price. The hat industry has reason to complain, but the United States Government cannot insist that American men and women wear hats.

Perhaps the two most publicized instances of sick industries are coal and textiles. The coal industry needs help, and we should do all we can to help, but placing quotas on heavy fuel oil imports will not be of any material help to the industry.

It has been pointed out to me that, should restrictions be placed on the im-

portation of heavy fuel oil, the existing work force would only have to work 5 more days over the year, or a total of 179 days, to supply the maximum amount of coal that the east coast consumers could possibly require should all who are able to do so convert to coal from heavy fuel oil. In 1954 these workers worked 3.3 days per week, and consequently we could not anticipate the re-employment of any coal miners who are now unemployed.

The chief causes of coal's losses have been the dieselization of railroads and the appeal of cleaner, more convenient fuels for home heating. The decline in use of coal by railroads between 1946 and 1953 amounted to 83 percent of the total decline in the United States use of coal during this period. The consumption of coal for space heating in 1953 was approximately half of that in 1946.

Another area in which coal has lost markets in recent years is in the export field. Bearing in mind the recognized reciprocal aspect of foreign trade, coal producers can hardly expect to retain the export market they have while urging that heavy fuel oil imports be shut off. A unilateral program to the benefit of coal interests is impossible, so they must reciprocate.

In addition, natural gas has become a major competitor of both oil and coal. The solution to the crisis in the coal industry is not quotas, tariffs, or a forced conversion back to coal.

Turning to textiles next, we find another instance in which the facts need to be considered. There is not one textile industry but many, and only a few are sick. Woolens and worsteds and carpets have been sick. Cottons and synthetics have not. We export 6 percent of our production of cotton textiles and import the equivalent of only one-half to 1 percent. Our cotton textile industry is the most efficient and most innovating in the world. Any temporary advantage in wages abroad will not upset the industry. The synthetic textiles are even better off.

Wool textiles are in a different status. The industry is badly organized. Many inefficient mills need to be reorganized. Synthetics hit the industry hard. From 1947 to 1953 there was a decline in sales of men's woolen suits of 7 million units. A high protected wool price, fluctuating widely, aggravated a bad situation. I believe the solution probably lies in a system of integrated woolen textile companies which can adjust flexibly to consumer tastes and demands—not in higher tariffs.

When an industry fails to demonstrate actual injury they shift to the argument—protection against cheaper labor costs abroad. This again is a baseless argument. In the majority of cases, European industries' cheap labor is not cheap at all, once the manufacturer calculates his costs on a unit basis. These foreign products may cost little by the hour, but often they cost a great deal more by the piece. In most every industry, the European pays 2 or 3 times more for his capital than does his American competitor. In every industry, his power costs are higher; in most industries, his raw material costs are higher,

too. Almost universally, he does his business on a scale so small that he cannot begin to equal the economies of our own industries. Finally, he often operates in an environment saddled with the restrictions of the cartel, in which the incentive to cut costs is weak and diffused. His wage costs are multiplied by fringe benefits, too. With these handicaps, I think the European who can match our prices in our market is a man to be admired. One additional fact—American industries, large and small, have been able to outsell Europeans even in their own home territory.

We cannot freeze domestic production against all import competition. One of the great virtues of our individual enterprise system is its adaptability, its ability to adjust to technological and other changes.

Imports naturally will create competition. In some cases such imports might displace a few workers and firms, yet the imports might be essential to the national interest. Adjustments will have to be made. Adjustments can be made through legislation at Federal and State levels. There are many things that can be done which will cushion the impact of justified foreign imports—an increase in unemployment-compensation benefits, advancement of the age of retirement, provision for retraining for younger workers, provision of moving allowances, an increase in the lending power of the Small Business Administration, and provision of engineering assistance and marketing advice to firms finding it necessary to adjust their operations, to mention only a few possible approaches.

We are living today in a divided world, the free and the enslaved, with the two parts engaged in a competitive struggle to prove the superiority of their respective systems. Economic solidarity on our side in this struggle is imperative if we are to maintain our position and increase our influence in those parts of the world which are as yet uncommitted. Now to proclaim, by failure of our trade system, that we are ending our policy of cooperation in trade and tariff matters in favor of protectionism would drive a wedge in western economic unity which would go far to undo all the great efforts we have made in the last few years to build strength and vitality in our part of the world, through the Marshall plan, point 4, and other economic and military-aid programs.

Our free-world friends have made great strides since the war in regaining their economic strength, aided in substantial measure by United States assistance. As their economic health has returned they have been faced increasingly with a dilemma whether they can confidently rely on the United States for an expanding two-way trade with their exports and as a source for their necessary imports. If we do not make it possible for them to develop their trade with us they may be forced by the economic facts of life to yield to the inducements of the East and become more and more dependent upon trade with the Soviet bloc. The danger to us and to them of a development along this line is so obvious that it needs no emphasis. Economic de-

pendence can become political dependence, and our laboriously built system of free-world alliances could easily begin to disintegrate while we stand helplessly by.

The days of economic aid, except for certain particular areas, are just about over, but the dollar gaps remain, concealed to some extent by our extraordinary military aid and military expenditures abroad. As these taper off, as we plan they should, the gap will become more apparent again and we shall be faced with the alternative of continuing some sort of aid program, reconciling ourselves to a reduction in our exports which foreign countries will still need, or accepting more imports. The last alternative can be mitigated considerably by increases in United States foreign investment. A general increase in trade, including triangular trade made possible through greater currency convertibility, will enable all of us to expand our economies and our output, and at the same time contribute to the removal of the currency imbalances. An essential element in any such development would be, however, a liberal United States trade policy and a willingness on the part of the United States to cooperate fully in the economic sphere. Renewal of the reciprocal trade agreements legislation must be an integral part of the cooperation.

In recent months Formosa and the offshore islands have had the major part of the attention of our foreign-policy interests. While we have been preoccupied with the Formosa Straits, we have come close to losing an outpost in Asia far more important than Formosa; namely, in Japan. We have been striving to build up Japan as a bastion of United States and free-world defense in Asia. But the Japanese still face a desperate economic situation. Japan must sustain 88 million people in an area smaller than Montana, with few natural resources and only 16 percent of its land arable. As an industrial and island economy, Japan must import raw materials and export the manufactured goods. In short, Japan—like Great Britain—must trade to live.

We want the Japanese to limit their trade with Communist China for strategic reasons. But to compensate for its former large trade with mainland China, Japan must find greater outlets in the free world.

This, in my judgment, is a deadly serious issue. The world must open its markets to Japan or risk the greatest industrial nation in Asia slipping into the Communist orbit, either by the sheer necessity of trading with the Chinese Communists, or by growing economic distress leading to internal Communist subversion.

It is essential that Japan be kept within the orbit of the free world. In a very real sense, an economically strong Japan is an integral part of the defense system of the United States in the Pacific. There is no assurance, of course, that the strengthening of Japan, trade-wise, will automatically hold Japan in the free-world orbit. But the opposite is a foregone conclusion if the free world

closes its markets to Japanese goods. Japan inevitably will trade with the Communist bloc. For Japan must trade.

Japan's natural markets, to be sure, are in the Orient, and at the present time the only Asiatic countries with whom she can trade in volume are Communist controlled. Eventually, perhaps, Japan will be able to rely on her Asiatic neighbors for markets. This area, however, is presently underdeveloped, and until it becomes developed the countries of the West, particularly the United States, Canada, and Western Europe, will have to be willing to take their fair share of Japanese merchandise. Figures for January-October 1954 show that the United States exported to Japan \$758,857,000 in goods and produce. In return, during the same period we imported Japanese products valued at \$221,366,000. If we lost our Japanese markets, we would be losing a very valuable source of income. If we cut off the Japanese imports, we certainly cannot expect to maintain the Japanese market for our goods. Oriental imports may hurt several of our smaller industries, but in light of the overall picture, should we sacrifice a \$750 million market and an ally for the sake of several small industries that can be helped by other methods, adjustments, relocation, and conversion?

It is not my intention to give the impression that the United States is the only nation which needs to revise its trade regulations. Far from it. If freer trade is to be worthwhile, other nations will have to remove trade restrictions. But because of the dominant role of our economy in the world system, we must participate in the elimination of restrictions, and it is important that we be among the first to take the necessary steps.

Freeing trade will not cure all the world's economic maladies. Underdeveloped areas, for example, will need economic assistance for a long time to come. But United States leadership in reducing trade barriers may, in addition to its economic effects, remove a convenient scapegoat on which some nations have fallen back in making excuses for not putting their own economies in order. United States action in this matter will also rob Communists of a propaganda weapon to use against the United States.

Freer trade between the nations of the free world with their abundance of resources and skills will increase opportunities and standards of living everywhere. To reverse the trends of the last 20 years now, and return to policies of restrictionism and protectionism, would lead to rigidity and stagnation in our economic life.

In addition, we need our friends and allies as much as they need us; we should not let any part of the free world go by default.

Many countries view us almost entirely through our trade policy. We are the chief market for Swiss watches, for Scotch whisky, for Cuban sugar; Spain sends us three-quarters of her pickled olives; Portugal sends us 40 percent of her cork. It is easy to lose sight of cork in all the trade statistics, but we can be very sure that Portugal does not lose

sight of it. When we raise the tariff on a foreign product, we not only hurt a good customer but we cut down sharply on what the nation can buy here and at the same time we give deadly ammunition to our enemies, who live by poisoning the minds of our allies.

In the last analysis, we are all in the same boat. This is true not only of Americans, but of millions of people around the world who trade with us, who share in the common defense and who are trying to make a success of democracy.

When we hurt a neighbor's trade, we hurt his capacity and his will to be strong. A poor nation cannot afford defense; and when its citizens feel they have nothing to defend, it is no longer an ally, but a liability.

We have come to the crossroads. We must make a choice now whether we will lead the free world forward to widening markets and expanding production, or permit it to lapse into intensified economic nationalism and political division. The adoption of a clear-cut policy of tariff liberalization would provide fresh impetus toward liberating the free world from crippling economic restrictions. It would be a powerful stimulant to other free nations to liberalize their own trade policies and move toward currency convertibility.

On the other hand, our failure to assert such leadership would be interpreted by our allies as a retreat from our present foreign policy.

An increased and freer flow of trade among the free nations would promote the most economical use of our own resources, just as it would promote the most economical use of our allies' resources. It would enable the United States to concentrate on producing those things we make most efficiently, and to exchange a part of our efficient production for the things we need which other people make more efficiently than we can.

It is only common sense for us to trade typewriters or refrigerators for coffee or bananas, rather than try to produce the latter ourselves at exorbitant costs.

The success or failure of America's future in the world depends more than we realize on the final form of this one piece of legislation, H. R. 1. I sincerely hope that we adopt the avenue to a prosperous future, embodied in a liberal trade policy.

In closing, I think that a quotation from the President would be most appropriate: "If we fail in our trade policy, we may fail in all."

PROPOSED INTERNATIONAL FINANCE CORPORATION—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 152)

The PRESIDING OFFICER (Mr. McNAMARA in the chair) laid before the Senate a message from the President of the United States, which was read, and, with the accompanying document, was referred to the Committee on Banking and Currency.

(For President's message, see House proceedings for today.)

ORDER FOR RECESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today it take a recess until tomorrow Tuesday, at 12 o'clock noon.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Without objection, it is so ordered.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, a year or so ago the distinguished junior Senator from Georgia [Mr. RUSSELL], stated in effect on the floor of the Senate that he presumed he was one of the last fundamentalists remaining in this body. I do not wish him to think that he stands alone in such a corner. I am there with him.

I have some basic and fundamental objections to the whole tariff and trade program as embodied in H. R. 1.

The Finance Committee has embraced the three specific amendments which I introduced on March 28, 1955, as separate amendments in the Senate. I am glad that the Finance Committee of the Senate in its consideration of the bill has incorporated these amendments in its report of last Friday. In the statement which I submitted to the Finance Committee and in my conversation with individual members of the committee, I have argued for their incorporation in this measure. In so doing, I offer apology to no one. These amendments have been called crippling by some who do not approve of them. They are safeguards, and I will discuss them later.

One fundamental objection I have to the entire tariff-fixing program embodied in this and former bills is that the Congress is delegating a constitutional function solely entrusted to it. We have a Tariff Commission wholly answerable to the President. We set up certain standards to guide the President, but transferring to him a function which the Constitution vests in us in effect results in a total abdication of our own responsibility. It is a desertion of a duty belonging to us. It is a departure from the division of our constitutional powers. We give the President a slide rule with which to raise or lower taxes. We will not let the executive branch of the Government fix the value of our postage stamps; we will not permit the Treasury Department to change the face on a penny or coin a new dime in the absence of legislative authority. Why the President should fix our tariff rates when the Constitution invests the Congress with such power has never been justified.

Buried in the recesses of the State Department and other departments of the Government and maintained by a generous Congress in appropriating annual-

ly millions of dollars to sustain them, are many so-called experts, economists, internationalists, and what-nots. We and the American people are victimized by them by night and by day with all sorts of statistics, charts, programs, arguments, and platitudes.

I shall not be confounded nor confused in this major premise; I shall not be hoodwinked nor led astray in the simple concept of my constitutional duty to which I have given my solemn oath. No amount of laborious reasoning, double-talk, or circuitous thinking, and, I shall add, no amount of detailed labor involved in carrying forward the constitutional responsibility of my office, is able to persuade me that in voting for this bill as amended, reluctantly as I may do so, and with tremendous reserve, I should not now state that the time must soon come when the Congress should take complete stock of itself and determine whither we are going. These so-called experts are responsive, let us not forget, only to the will of their immediate superiors. They are not required every 2 or 6 years to have their charter of authority renewed by the people of the United States. They remain from Congress to Congress. They come before the committees of the Senate with the unique ability to talk smoothly out of both corners of their mouths. I, for one, sometimes become awfully fed up on some of their doubletalk.

Reference was made in the Senate the other day to the many letters that had been received from constituents which may have been inspired by the so-called "special interests." Inspired or not, I wish to assert today that I am happy to have received in excess of 12,000 letters from the workers in the textile industry in my State who fear the consequences of the provisions of H. R. 1. They may not know its detailed provisions or implications; they may not be aware of its far-reaching consequences; they may not be conscious of the fact that the Congress is sidestepping its constitutional duty; they may not know the refinements of the delegation of a legislative power to the President, the power to fix tariff rates and excise and import duties, or to regulate commerce. Their purpose in writing is praiseworthy; their conclusions are sound; their judgment is unassailable; they are right in principle. I shall not desert them, neither shall I scold them for writing to me; nor shall I lead them astray. I shall never make light of their interest in their daily work which means life or death for them and their families. I shall not put them in competition with products resulting from cheap foreign labor.

Bear in mind, Mr. President, that at the present time laborers in Japan are paid approximately one-sixth of the amount which laborers in the United States are paid.

The Senate may pardon me as I restate a fact with which many are already familiar; I was myself once a textile worker. I received a part of my education while working in a cotton mill, working 1 week, studying the next week. I knew what it was to work in a cotton

mill from daylight until dark. I know the problems of the textile workers; I know their heartaches; I know their fears. I know their wants, and I share their aspirations. If the amendments which I have offered are called "crippling amendments," and the act of submitting them becomes "heresy" on my part, then the devil may make the most of it. I am not going to become scared at the words "special interests" in fighting for the adoption of the amendments. To prevent the destruction of the means of livelihood of hundreds of thousands of Americans is of special interest, of very special interest, to me, as I trust it should be to every Member of this body. Those who would tear down or do harm to one of the basic industries of this country would cause untold human suffering, misery, hardship, and privation to that great segment of our people who know no other way of life.

The textile worker, the manufacturer, and the cotton farmer alike are concerned with full employment, at fair wages, with a market which affords a reasonable return for their labors. The junior Senator from Tennessee [Mr. GORE] the other day stated that cotton imports aggregated \$83.1 million and that exports amounted to \$317.3 million. He stated that fiber imports were \$32 million and exports \$217 million. Then, in making a comparison, he said that if in his own business he sold a customer eight times as much as he bought from him, he would try to keep that patronage. The Senator from Tennessee left many factors out of the picture. He left out entirely the ratio of costs of production; he left out entirely the relative standards of living of those who produced the \$83 million compared to those who produced the \$317 million. A true picture must include the fact that the worker engaged in producing the \$83 million worth of imports was employed on starvation wages and virtually as a slave laborer.

That picture would also have included, not an 8-hour day as in the United States, but possibly a 12-hour day; it would have included child labor, sweat shops, and other hardships too numerous to mention. The picture, as given, did not include the relatively high living standards nor costs of living here in the United States; it did not include our burdensome taxation, local, State, and Federal. There is a whole lot more to the picture than mere cold figures in terms of dollars and cents.

On April 13, I placed in the CONGRESSIONAL RECORD a memorial of the Legislature of South Carolina urging me to vote against H. R. 1 in its entirety. Having been a member of that body early in my public life, and having represented two separate constituencies successively in my service there, I shall be the last to say that that body is subservient to anyone classified as a "special interest."

Another great organization, the Daughters of the American Revolution, memorialized the Congress to vote against H. R. 1 and to resume its constitutional functions of levying taxes and fixing the tariffs. I shall be the last one in this body to criticize that organization as

being subservient to any but the "best interests" of our country. I have found that group of fine women to be as staunch and as true advocates of Americanism, American principles, institutions, and ideals—the things which have made and maintained us a great Nation—as any group that can be found in the land; certainly more staunch and true than the so-called experts in the motley crew of unidentified specialists why, by night and day, are eating away to the vitals of our form of government, even as termites destroy the structure of a house.

In the passage of H. R. 1 extending to the President the authority to enter into trade and tariff agreements, specific exception is made on page 3 of the so-called executive agreement known as the General Agreement on Tariffs and Trade. The country needs to be alerted; the Senate needs to be alerted, and alert; there is no use for us to complain when a situation becomes an accepted fact. Every grant of our authority, every abdication of our responsibility, every transfer of a legislative function, leads us into a wilderness that results in a slow but gradual change of our form of government. When we surrender our constitutional duty of levying taxes and fixing import and excise duties, we invest one man with too much power—a power we have no right to relinquish.

Worker and manufacturer alike must guard against the language found in section 3, subsection D, wherein, on page 4, the Senate Finance Committee has added the language, "or with respect to which notice of intention to negotiate was published in the Federal Register on November 16, 1954."

This embraces, undoubtedly, the smart boys' "escape clause" to accomplish what they wish with respect to the Japanese agreement. Not only is it wrong as a matter of principle for us to delegate a power to the executive branch of the Government to fix tariff rates; that wrong is compounded and made more insidious when we delegate such a power to fix a rate on a basis yet to be computed and yet to be determined. It is not a crippling amendment to set the date back to January 1, 1955, rather than to advance it to July 1, 1955, knowing not what the rate may be at such a future time. The extent of the injury we have empowered the President to inflict can be measured by having a known date and a known basis for computation.

I am glad the Finance Committee has adopted the amendment which I offered on March 28, striking out subsection ii of section D, on page 4 of the bill. I remarked at the time in my brief statement before the Senate that the language contained was so elastic, so uncertain, and so susceptible of distortion that it could mean almost anything the experts would wish it to mean. What may appear normal to me may seem abnormal to another; what is negligible in my judgment may be wholly important in the judgment of another. The use of such loose language and the grant of such elastic powers could very well wreck our entire economy. No guideposts are erected; no standards are prescribed;

no safeguards are setup when we use the terms "normal" and "negligible."

I cannot for the life of me vote to submit the very existence of a single cotton millworker in South Carolina to the judgment of some expert operating in secret in Geneva, Switzerland, or in the caves of an executive department in Washington. The waving of the red flag of special interests, textile lobby, or what-not, in my face only angers me and strengthens my purpose to preserve the worker's right to steady employment at fair wages. I do not wish him to be placed in a position where he must compete with the low-wage scales and substandard conditions of living prevailing in Japan, India, or any other country in the world. He is an American, and as a United States Senator my duty to him is clear. I must have a single purpose to ascertain for him, with what light I have, where his best interests may be protected. He sent me here for that purpose, and I shall not, God willing, fail him. It is my conviction that every time we sit in conference with foreign negotiators and particularly where we negotiate in secret, we come out short-handed. This conclusion is easily proved.

I believe in foreign trade; I believe in exporting our surpluses so long as there are people in the world who can use them; I realize the necessities of trade; I shall not be a party, however, to bartering away at some foreign conference table, in secret, the rights of the American worker in mill or factory here at home in the United States.

Other objections occur to me in respect to the whole program advanced by H. R. 1. At a subsequent hour I may elaborate on them. Suffice it for the moment to say that, in my judgment, it has never and may never accomplish its stated purposes. A year or so ago, while in conference with some friends who were urging me to support some foreign-aid project concerning textiles, I stated to them that they were building a Frankenstein which would destroy them. H. R. 1 is another such monster if all its implications are fully known and all its possibilities are fully explored.

The PRESIDING OFFICER. Is there any further business to come before the Senate?

DEPARTMENT OF THE INTERIOR APPROPRIATIONS, 1956

Mr. HAYDEN. Mr. President, by direction of the Committee on Appropriations, I report, with amendments, the bill (H. R. 5085) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30 1956, and for other purposes, and I submit a report (No. 261) thereon. I ask that the bill be placed on the calendar.

The PRESIDING OFFICER. The bill will be received and placed on the calendar.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield.

Mr. JOHNSON of Texas. When will the Senator from Arizona be prepared

to have the Interior Department appropriation bill taken up by the Senate?

Mr. HAYDEN. I should say not later than Thursday.

Mr. JOHNSON of Texas. It is hoped that the Senate may be able to complete action on the trade agreements bill before proceeding to the consideration of the Interior Department appropriation bill. Now that the appropriation bill has been reported and the hearings are available, I wish to serve notice on the Members of the Senate that it is the intention to call up the appropriation bill sometime this week, if action can be concluded on the bill now under consideration. I had thought that there would be other Senators who would care to speak on the bill today. I am informed that some Senators are now preparing remarks, but will be unable to present them until tomorrow.

Mr. President, it is expected that the Senate will remain in session to as late as 7 or 8 o'clock tomorrow, if there shall be speakers who will need that much time. I am hopeful that tomorrow we may be able to obtain a unanimous consent agreement to vote on the pending measure before the end of the week.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to the Senator from Nevada.

AMENDMENT TO H. R. 1-S. 1723—BASIS OF FAIR AND REASONABLE COMPETITION—THE 1934 TRADE AGREEMENTS ACT

Mr. MALONE. Mr. President, I offer an amendment to the pending bill, H. R. 1, the bill extending the authority of the President to enter into trade agreements under section 350 of the 1930 Tariff Act, which would strike out all after the enacting clause and insert my Senate bill 1723.

Mr. President, the amendment now before the Senate as S. 1723, amending the 1930 Tariff Act, provides for the regulation of the domestic economy and foreign trade through adjustment of flexible duties or tariffs on the basis of fair and reasonable competition.

Mr. President, all that the American workingmen and investors of this Nation have ever asked for is an even break in their own American markets.

FLEXIBLE DUTY TO EQUALIZE EFFECTIVE WAGES

They have demanded a flexible duty or tariff to equalize the effective wages and taxes here and in the chief competing country on each product.

DUTY REDUCED AS FOREIGN LIVING STANDARD RAISED

Such a duty would be reduced as the foreign wage standard of living increased and when the cost of production approached our own, then free trade would be the almost automatic and immediate result.

FAIR AND REASONABLE COMPETITION

The principle of fair and reasonable competition was the answer of Congress to the low-wage foreign competition for almost a century of time. It established the highest standard of living of any nation in the world.

EQUAL ACCESS TO AMERICAN MARKETS

The principle established equal access to the American market for the American workingmen and investors.

DUTY TAKES PROFIT OUT OF SWEATSHOP LABOR

Such a flexible duty, adjusted on the basis of fair and reasonable competition, simply takes the profit out of foreign sweatshop labor. It does not prevent imports, but brings them in on our wage standard of living basis.

AMENDMENTS TO SAVE INDIVIDUAL INDUSTRIES

The desperate effort of investors' and workingmen's groups to save their own particular industry or product from annihilation by amending the 1934 Trade Agreements Act is proof enough of the damage the act has done and that it offers for the future.

The amendment provides the flexibility needed, after 22 years, to establish foreign trade on the basis of fair and reasonable competition, and to provide equal access to his own American markets for the American workingmen and investors.

MANIPULATION FOR TRADE ADVANTAGE

It is well known that the low-wage foreign nations manipulate their price, their currency in terms of the dollar and subsidize their own exports through grants, multiple rates of exchange and by other methods to defeat any regulation of imports into this country, and to prevent American imports into their own nation.

FOREIGN PRODUCTION COST

The amendment provides that the Tariff Commission may take cognizance of such manipulation in the adjustment of duties or tariffs, and may take into consideration the landed duty paid price, and the offered for sale price in the determination of the cost production of an imported article.

QUANTITATIVE LIMITS

The amendment also provides that the Commission may impose quantitative limits—quotas—on the importation of any article, in its determination of the basis of fair and reasonable competition.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks my proposed substitute regulating foreign trade on the basis of fair and reasonable competition, giving to the American workingmen and investors equal access to their own American markets.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Is there objection?

There being no objection, the amendment, which was to strike out all after the enacting clause and to insert certain language, was ordered to be printed in the RECORD, as follows:

DECLARATION OF POLICY

SECTION 1. It is declared to be the policy of the Congress—

(a) to facilitate and encourage the importation into the United States of foreign

goods and products in quantities sufficient to supply the needs of the United States economy;

(b) to foster and provide for the export of the products of American industry and agriculture in quantities sufficient to pay for the needed imports.

(c) to develop and promote a well-balanced, integrated, and diversified production within the United States so as to maintain a sound and prosperous national economy and a high level of wages and employment in industry and agriculture;

(d) to provide necessary flexibility of import duties thereby making possible appropriate adjustments in response to changing economic conditions;

(e) to assure the accomplishment of these objectives by returning to and maintaining hereafter in the United States the control over American import duties now subject to international agreements.

RESTATEMENT OF EXISTING IMPORT DUTIES

SEC. 2. Title I, paragraphs 1 to 1559, inclusive, of the Tariff Act of 1930 are hereby amended by repealing the classifications and rates therein contained and substituting therefor the classifications and rates obtaining and in effect on June 12, 1955, by reason of proclamations of the President under section 350 of the Tariff Act of 1930 or otherwise.

ADMINISTRATION OF TRADE AGREEMENTS

SEC. 3. Title III, part II, of the Tariff Act of 1930 is amended by adding after section 331 the following new section:

"SEC. 331A. Administration of trade agreements.

"(a) All powers vested in, delegated to, or otherwise properly exercisable by the President or any other officer or agency of the United States in respect to the foreign trade agreements entered into pursuant to section 350 of this act are hereby transferred to, and shall be exercisable by the Commission, including, but not limited to, the right to invoke the various escape clauses, reservations, and options therein contained, and to exercise on behalf of the United States any rights or privileges therein provided for the protection of the interests of the United States.

"(b) The Commission is hereby authorized and directed—

"(1) to terminate as of the next earliest date therein provided, and in accordance with the terms thereof, all the foreign trade agreements entered into by the United States pursuant to section 350 of this act;

"(2) to prescribe, upon termination of any foreign trade agreement, that the import duties established therein shall remain the same as existed prior to such termination, and such import duties shall not thereafter be increased or reduced except in accordance with this act."

PERIODIC ADJUSTMENT OF IMPORT DUTIES

SEC. 4. Title III, part II, section 336, of the Tariff Act of 1930, is hereby amended to read as follows:

"SEC. 336. Periodic adjustment of import duties.

"(a) The Commission is authorized and directed from time to time, and subject to the limitations hereinafter provided, to prescribe and establish import duties which will, within equitable limits, provide for fair and reasonable competition between domestic articles and like or similar foreign articles in the principal market or markets of the United States. A foreign article shall be considered as providing fair and reasonable competition to United States producers of a like or similar article if the Commission finds as a fact that the landed duty paid price of the foreign article in the principal market or markets in the United States is a fair price,

including a reasonable profit to the importers, and is not substantially below the price, including a reasonable profit for the domestic producers, at which the like or similar domestic articles can be offered to consumers of the same class by the domestic industry in the principal market or markets in the United States.

"(b) In determining whether the landed duty paid price of a foreign article, including a fair profit for the importers, is, and may continue to be, a fair price under subdivision (a) of this section, the Commission shall take into consideration, insofar as it finds it practicable—

"(1) the lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition;

"(2) any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments;

"(3) The policy of foreign countries designed substantially to increase exports to the United States by selling at unreasonably low and uneconomic prices to secure additional dollar credits;

"(4) Increases or decreases of domestic production and of imports on the basis of both unit volume of articles produced and articles imported, and the respective percentages of each;

"(5) The actual and potential further ratio of volume and value of imports to volume and value of production, respectively;

"(6) The probable extent and duration of changes in production costs and practices;

"(7) The degree to which normal cost relationships may be affected by grants, subsidies (effected through multiple rates of export exchange or otherwise), excises, export taxes, or other taxes, or otherwise, in the country of origin; and any other factors either in the United States or in other countries which appear likely to affect production costs and competitive relationships.

"(c) Decreases or increases in import duties designed to provide for fair and reasonable competition between foreign and domestic articles may be made by the Commission either upon its own motion or upon application of any person or group showing adequate and proper interest in the import duties in question: *Provided, however*, That no change in any import duty shall be ordered by the Commission until after it shall have first conducted a full investigation and presented tentative proposals followed by a public hearing at which interested parties have an opportunity to be heard.

"(d) The Commission, in setting import duties so as to establish fair and reasonable competition as herein provided, may, in order to effectuate the purpose of this act, prescribe specific duties or ad valorem rates of duty upon the foreign value or export value as defined in sections 402 (c) and 402 (d) of this act or upon the United States value as defined in section 402 (e) of this act.

"(e) In order to carry out the purposes of this act, the Commission, is authorized to transfer any article from the dutiable list to the free list, or from the free list to the dutiable list.

"(f) Any increase or decrease in import duties ordered by the Commission shall become effective 90 days after such order is announced: *Provided*, That any such order is first submitted to Congress by the Commission and is not disapproved, in whole or in part, by concurrent resolution of Congress within 60 days thereafter.

"(g) No order shall be announced by the Commission under this section which increases existing import duties on foreign articles if the Commission finds as a fact that the domestic industry operates, or the domestic article is produced in a wasteful, inefficient, or extravagant manner.

"(h) The Commission, in the manner provided for in subdivisions (c) and (f) in this section, may impose quantitative limits on the importation of any foreign article, in such amounts, and for such periods, as it finds necessary in order to effectuate the purposes of this act: *Provided, however*, That no such quantitative limit shall be imposed contrary to the provisions of any foreign trade agreement in effect pursuant to section 350 of this act.

"(i) For the purpose of this section—

"(1) the term 'domestic article' means an article wholly or in part the growth or product of the United States; and the term 'foreign article' means an article wholly or in part the growth or product of a foreign country;

"(2) the term 'United States' includes the several States and Territories and the District of Columbia;

"(3) the term 'foreign country' means any empire, country, dominion, colony, or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions);

"(4) the term 'landed duty paid price' means the price of any foreign article after payment of the applicable customs or import duties and other necessary charges, as represented by the acquisition cost to an importing consumer, dealer, retailer, or manufacturer, or the offering price to a consumer, dealer, retailer, or manufacturer, if imported by an agent.

"(j) The Commission is authorized to make all needful rules and regulations for carrying out its functions under the provisions of this section.

"(k) The Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary for the entry and declaration of foreign articles with respect to which a change in basis of value has been made under the provisions of subdivision (d) of this section, and for the form of invoice required at time of entry."

AMENDMENT OF SECTION 337

SEC. 5. Title III, part II, section 337, of the Tariff Act of 1930 is hereby amended as follows:

(a) Subdivision (a) thereof by striking out the word "President" and substituting therefor the words "Tariff Commission."

(b) Subdivision (b) thereof is hereby repealed.

(c) Subdivision (d) thereof is hereby repealed.

(d) Subdivision (e) thereof is hereby amended to read as follows:

"(e) Exclusion of articles from entry: Whenever the existence of any such unfair method or act shall be established to the satisfaction of the Commission, it shall direct that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this act, shall be excluded from entry into the United States, and upon information of such action by the Commission, the Secretary of the Treasury shall, through the proper officers, refuse such entry."

(e) Subdivision (f) thereof is hereby amended to read as follows:

"(f) Entry under bond: Whenever the Commission has reason to believe that any article is offered or sought to be offered for entry into the United States in violation of this section, but has not information sufficient to satisfy it thereof, the Secretary of the Treasury shall, upon its request in writing, forbid entry thereof until such investigation as the Commission may deem necessary shall be completed; except that such articles shall be entitled to entry under bond prescribed by the Secretary of the Treasury."

(f) Subdivision (g) thereof is hereby amended to read as follows:

"(g) Continuance of exclusion: Any refusal of entry under this section shall con-

tinue in effect until the Commission shall find and advise the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exists."

STATISTICAL ENUMERATION

SEC. 6. Title IV, part III, section 484 (e), of the Tariff Act of 1930 is hereby amended to read as follows:

"(e) Statistical enumeration: The Chairman of the Tariff Commission is authorized and directed to establish from time to time, after consultation with the Secretary of the Treasury and the Secretary of Commerce, a statistical enumeration of imported articles in such detail as he may consider necessary and desirable to effectuate the purposes of this act. As a part of each entry there shall be attached thereto or included therein an accurate statement giving details required for such statistical enumeration. The Secretary of Commerce is hereby authorized and directed to make such reasonable and proper digests from, and compilations of, such statistical data as the Chairman requests. In the event of a disagreement between the Chairman and the Secretary of Commerce, as to the reasonable and proper nature of any request the matter shall be referred to the President whose decision shall be final."

REVISED TEXT OF TARIFF ACT

SEC. 7. The Tariff Commission, as soon as practicable, shall prepare and cause to be printed as a public document available for public distribution a complete revised text of the Tariff Act of 1930 as amended: *Provided, however*, That nothing herein shall be construed as superseding the provisions of section 101, title I of the Customs Simplification Act of 1954.

EFFECTIVE DATE

SEC. 11. This act shall take effect as of June 12, 1955.

Mr. MALONE. Mr. President, my proposed amendment would return the regulation of domestic economy and foreign trade to the Tariff Commission, an agent of Congress, through the adjustment of the duties or tariffs in accordance with article I, section 8, of the Constitution.

The Constitution pointedly separates the regulation of the domestic economy from the determination of foreign policy.

Article I, section 8, of the Constitution places the regulation of the domestic economy and of foreign commerce in the legislative branch, and article II, section 2, places the determination of the foreign policy in the executive branch.

The 1934 Trade Agreements Act transferred the constitutional responsibility of Congress to adjust the duties or tariffs and to regulate foreign commerce in the executive branch, thus amending the Constitution through a simple act of Congress.

TO DEVELOP THE WHOLE COUNTRY

Abraham Lincoln's platform in 1860 proposed to adjust imports or tariffs—"So as to encourage the development of the industrial interest of the whole country."

Nowhere in our Constitution or Bill of Rights is there any power delegated to the executive branch to favor the development of one industry over another, or one region of the Nation over another area of the Nation.

The 1860 principle held, in general, until the 1934 Trade Agreements Act. The 1934 act provided, and still provides, that the President may trade any sector of American industry, American jobs,

and investments for a fancied concession in foreign policy.

ABANDONED PRINCIPLE FOR INTERNATIONAL POLITICS

The 1934 act for the first time abandoned the principle of regulating foreign trade on the basis of fair and reasonable competition for all products produced in appreciable amounts here—and made the domestic jobs and investment pawns in the hazardous game of international politics.

Mr. President, the 1934 Trade Agreements Act is a "dead-fall" over the head of American jobs and investments.

The President may at any time trade any sector of the economy—dependent upon a duty or tariff to equalize the standard-of-living wages—for a foreign political adjustment that he may judge to be important. Investors and workers are even required to show their importance in national defense as well as serious injury to be eligible for the "escape clause" which even then may or may not be invoked.

Mr. President, under the proposed amendment, the regulation of the domestic economy and foreign trade, through adjusting the flexible duties or tariffs on the basis of fair and reasonable competition, would revert to the Tariff Commission, an agent of Congress. Rates adjusted by the Commission would become effective within 60 days—that is, within 90 days after the Tariff Commission's decision—and within 60 days after submission to Congress, in the absence of congressional disapproval, through a concurrent resolution.

NECESSARY LATITUDE IN ADJUSTMENT OF DUTIES

Since many of the duties and tariffs have been lowered from 50 to 75 percent under the 1934 Trade Agreements Act, and since the fixed duties have been lowered at least 50 percent through inflation over the past 2 decades, the provisions of my proposed amendment embodied in Senate bill 1723, already before the Senate, would give the Tariff Commission the necessary latitude to adjust the flexible duty or tariffs to give the American working men and investors equal access to the American markets.

Mr. President, let us return to constitutional government, treating alike all industries and areas of this Nation, through adjusting the duties and tariffs on the basis of fair and reasonable competition, and withdrawing from the international game of politics the jobs and investments of Americans.

Mr. President, I ask to have my amendment printed, and to have it lie on the table.

The PRESIDING OFFICER. That will be done.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to have the attention of the distinguished senior Senator from Virginia [Mr. BYRD], the chairman of the Committee on Finance.

A short time ago the distinguished chairman of the Appropriations Committee [Mr. HAYDEN] reported the In-

terior Department appropriation bill. I am informed that other subcommittees of the Appropriations Committee are nearing the end of their hearings on other appropriation bills. It is now less than 2 months before the end of the fiscal year, and during that time the Senate will have to consider more than a dozen appropriation bills, pass them, send them to conference, work out the conference agreements, and act on the conference reports.

Therefore, the majority leader, after consultation with the minority leader, is very hopeful that some agreement may be reached to have the Senate vote later in the week on the bill extending the Trade Agreements Act.

I shall not propose such an agreement today; but I express the hope that it will meet with the pleasure of the distinguished chairman of the Committee on Finance either tomorrow or at a subsequent time to propose to the Senate that it agree upon a time for taking the final vote on the pending bill.

Today 7 or 8 speeches have been made on the bill, including the very able speech by the chairman of the committee, the very able speech by the ranking minority member of the committee [Mr. MILLIKIN], and excellent speeches by a number of other Senators.

I do not wish to call the Senate into session early tomorrow, because such good work is being done in the committees. On the other hand, I hope the Senate will be able to take final action this week on the bill extending the Trade Agreements Act, and also on the Interior Department Appropriation bill, as a minimum for the week.

If the chairman of the committee is willing, I shall propose—after talking further with the minority leader—some time limitation on debate on the pending bill.

Mr. BYRD. That will be very satisfactory to the chairman of the committee, Mr. President.

Mr. JOHNSON of Texas. And on tomorrow we shall continue in session until as late as 7 or 8 or even 8:30 p. m., if there are then Senators who desire to be heard.

Mr. BYRD. That is agreeable to me.

RECESS

Mr. JOHNSON of Texas. Mr. President, if there are no further statements to be made at this time, then, under the previous order, I move that the Senate stand in recess.

The motion was agreed to; and (at 5 o'clock and 14 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Tuesday, May 3, 1955, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 2, 1955:

UNITED STATES DISTRICT JUDGE

William G. East, of Oregon, to be United States district judge for the district of Oregon, vice James Alger Fee, elevated.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 2, 1955:

FEDERAL POWER COMMISSION

William R. Connole, of Connecticut, to be a member of the Federal Power Commission for the term of 5 years expiring June 22, 1960.

DISTRICT OF COLUMBIA REDEVELOPMENT LAND AGENCY

John A. Remon, of the District of Columbia, to be a member of the District of Columbia Redevelopment Land Agency for a term of 5 years from March 4, 1955.

UNITED STATES COAST GUARD

The following-named cadets to the grade indicated:

To be ensigns

Richard Newton Abrahams
Kenneth Donald Albritton
Gordon George Allen
Donald David Anderson
Joseph Nicholas Andrassy
William John Bickford
Charles Anthony Biondo
Carmen Joseph Blondin
Alan Dorr Breed
Richard Lee Brown
Theodore Gregg Brown, Jr.
Edward Hegeler Carus, Jr.
Arthur Ernest Champagne, Jr.
Daniel Buell Charter, Jr.
Joseph Leo Coburn, Jr.
Robert Lee Cook
Donald Clair Cunningham
Leon Thomas Dankiewicz
Stephen John Dasovich
Kenneth Roy Depperman
John Joseph Dirschel, Jr.
John Martindale Duke, Jr.
James Joseph Dunlop
Gary Benbow Erekson
Ralph Walston Eustis
Joseph Francis Fallon
Charles William Fead
James Edward Ferguson
David Brockman Flanagan
Francis Duane Forbes
Kenneth Wahlin Forslund
Carlos Anthony Garcia
Ronald Nicholas Gaspard
Arthur Edwin Gerken
Charles Bertram Glass
Donald Leroy Gordon
David Lorange Green
Henry Haugen
Frederick Ferdinand Herzberg, Jr.
Bobby Flynn Hollingsworth
Robert Louis Johanson
John Bennett Jones-Bateman, Jr.
Leo Jordan
Martin Jay Kaiser
Robert Alan Knight
Herbert Herman Henry Kothe
Ira Leslie Krams
Alban Landry
Robert Earl Larson
Thomas Stanyer Latham
Charles Leddy
Edward Francis Lewis
Irvin Wayne Lindemuth
Thomas Channing Lutton
Charles Franklin McFadden
Thomas Joseph McKey III
Charles Anthony Mullardt
Edward William Murphy
Richard Nielsen, Jr.
Daniel Carl Olson, Jr.
Robert Henry Overton III
Richard Rounseville
John William Sheedy
Ralph Elmer Slater
William Neil Spence
Edmund Joseph Spillane, Jr.
Henry Suski
Joel Richard Swanson
Ira Edward Thompson

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

May 4, 1955
May 3, 1955
84th-1st, No. 72

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HIGHLIGHTS: House debated price support bill. House committee ordered reported bill for Federal loans for non-Federal reclamation projects. Senate debated trade agreements bill. Sen. Symington criticized Mo. ASC committee. Sen. Aiken introduced and discussed bill to cooperate with States in reforestation.

HOUSE

1. PRICE SUPPORTS. Began debate on H. R. 12, to provide for 90% price supports on basic commodities. General debate was concluded, and the bill is to be read for amendment today. (pp. 4539-94.)
2. PERSONNEL. Agreed to H. Con. Res. 121, requesting the President to return for correction S. 1094, to clarify the Federal Employees' Uniform Allowance Act (pp. 4594-5).
3. CCC CLAIMS. Transferred from the Agriculture Committee to the Banking and Currency Committee H. R. 2137, 2872, 2007, 694, and 646, to relieve from CCC claims persons who innocently purchase converted fungible goods (p. 4594).
4. RESERVE MANPOWER. The Rules Committee reported a resolution for consideration of H. R. 5297, the military reserve manpower bill (p. 4538).
5. ANIMAL DISEASE. The Agriculture Committee ordered reported H. R. 4576, to provide for certain indemnity payments in Iowa on account of vesicular exanthema which could not be made because of a technicality (p. D367).
6. DROUGHT RELIEF. The Agriculture Committee considered but postponed action on H. R. 4176, to provide that feed furnished in disaster areas shall be made available for working stock and hogs (p. D367).

7. CIVIC AUDITORIUM. The Rules Committee reported a resolution for consideration of H. R. 1825, creating a commission to plan a D. C. civic auditorium (p. 4609).
8. RECLAMATION; LOANS. The Interior and Insular Affairs Committee ordered reported H. R. 5881, to provide for Federal cooperation in non-Federal reclamation projects and for non-Federal cooperation in Federal projects (p. D368).
9. SALT-WATER RESEARCH. The Rules Committee ordered reported a resolution for consideration of H. R. 2126, to expand the salt-water research program (p. D368).
10. IMPORTS. The Ways and Means Committee ordered reported H. R. 5560, making permanent the existing privilege of free importation of personal and household goods under Government orders, and H. R. 5675, continuing through June 1958 the suspension of import taxes on copper (p. D369).
11. POSTAL PAY. The conferees agreed to report a revised version of S. 1, the postal pay bill (pp. D369-70).
12. SURPLUS COMMODITIES. The revision of H. R. 2851, as ordered reported by the House Agriculture Committee, provides as follows: Requires CCC to make available to HEW, for providing emergency assistance to the needy, agricultural commodities and products (including cereals and cereal products) acquired through price support operations. Authorizes CCC to pay processing and other charges up to the time of delivery to central locations in States. Upon certifications of the Labor Department and the Governors as to need, directs HEW to make such commodities and products available to State agencies. Provides that CCC make Sec. 416 commodities available without compensation and that HEW reimburse CCC for other commodities at the acquisition cost or current support price (whichever is lower) plus the costs of processing, etc. Provides that CCC expenditures under this bill may be made in advance of appropriations and shall be entered as accounts receivable.
13. EXPORT-IMPORT BANK. H. Doc. 150 (Apr. 23) is a proposed increase in the amount of \$300,000 in the limitation on expenses (to provide for additional staff and other expenses required for a growing workload) for the fiscal year 1956 for the Export-Import Bank of Washington.
14. SOIL CONSERVATION. The amendments by Sen. Holland and others to H. R. 1573, to repeal the ACP-acreage allotments tie-in, (see Digest 71), would exempt from the present ACP-acreage allotments tie-in farmers harvesting corn for ensilage, wheat in an amount not in excess of 15 acres, a commodity or a crop on which producers have rejected marketing quotas in a referendum, or peanuts for seed to be used for the raising of peanuts for hogs. The amendments would also require applicants to establish their eligibility for payments in such manner as the Secretary may prescribe by regulation.

SENATE

15. TRADE AGREEMENTS. Continued debate on H. R. 1, the trade agreements extension bill (pp. 4620-1, 4631, 4634-43, 4645-97), and agreed to limit debate on bill and that no nongermane amendment will be received (p. 4621). Sens. Beall, Morse, O'Mahoney, and Humphrey submitted amendments to be proposed to this bill.

During debate on this bill Sen. Malone stated that "H. R. 1 is an economic Yalta," and that, "Farmers, too, ... will be an early target of the global free trade agency, as will producers of milk, butter, cheese, and other farm commodities" (pp. 4648-51). Sen. Malone also spoke in favor of giving

the "same safeguards that agriculture enjoys" under sec. 22 of the Agricultural Adjustment Act to manufacturing and resource industries, and discussed reports that GATT/^{nations} had been assured that sec. 22 would be repealed (pp. 4659-60).

16. AGRICULTURAL STABILIZATION COMMITTEE. Sen. Symington criticized the "apparent flagrant mishandling of the agricultural stabilization and conservation programs" in Mo., and inserted a Mo. Legislature resolution requesting an investigation of these activities (p. 4613).
17. TRANSPORTATION. Sen. Magnuson inserted editorials "concerning efforts now underway in this country and abroad to discredit the Cargo-Preference Act passed by the Congress last year" (pp. 4627-8).
18. HEALTH. Sen. Neuberger urged a positive program of polio vaccine distribution for farm children (pp. 4643-4).
19. WATER UTILIZATION; ELECTRIFICATION. Sen. Neuberger stated that on the very day that the administration "turned its back upon a great power and irrigation project in our own Pacific Northwest, the supposedly backward land of Egypt announced plans for construction of the greatest power and irrigation dam in history," and inserted a New York Times article on this subject (pp. 4644-5).
20. POSTAL PAY. Majority Leader Johnson stated that "it may very well be that if we conclude consideration of the Interior Department Appropriation bill on Thursday, we can take up the conference report" (on S. 1, the postal pay bill) (p. 4673).
21. CONTRACTS; APPROPRIATIONS. S. 669, to provide an elected mayor, city council, school board, and nonvoting delegate to the House of Representatives for the District of Columbia, as reported (Apr. 28) (S. Rept. 253), would authorize the District and Federal Governments to contract with each other for the rendition of services in order to prevent duplication of effort, etc.; provide that such contracts include payment for actual cost of furnishing such services and provide for payment of these services from D. C. and Federal agencies appropriations.

ITEMS IN APPENDIX

22. FARM PROGRAM. Rep. Knutson inserted several newspaper articles discussing various farm problems including a comparison of farm prices in this country with those of the Kremlin, favoring increases in parity, and urging help to solve the problems of the small farmer (pp. A2954-6).
23. STATEHOOD. Del. Bartlett inserted a Washington Daily News and a Cleveland Press editorial advocating statehood for Alaska and Hawaii (pp. A2958, A2962).
24. ELECTRIFICATION. Rep. Johnson, Wis., inserted a Pepin County (Wis.) Farmers Union resolution opposing the proposed recommendation of the Hoover Commission with respect to REA (pp. A2963-4).
25. INFORMATION. Rep. Miller, Nebr., inserted a tabulation of the results of a questionnaire which he sent to his constituents asking whether they favor a flexible or rigid price support program, a two-price system on marketing wheat, and a bushel quota on wheat (p. A2964).

26. FARM PROGRAM. Rep. Mack inserted an Izaak Walton League of America plan "concerning their program of land restoration to replace the present farm-support program" and their proposal that "USDA lease from the owners and remove from all agricultural production a sufficient acreage of cultivated land to bring production back in line with the current demand" (pp. A2980-2).

BILLS INTRODUCED

27. SURPLUS FOOD. H. R. 5956, by Rep. Baker, to authorize the CCC to process food commodities for donation under certain acts; to Agriculture Committee (p. 4609).
28. WEED CONTROL. H. R. 5958, by Rep. Blatnik, to provide for the control of noxious weeds on land under the control or jurisdiction of the Federal Government; to Agriculture Committee (p. 4609).
29. ACCOUNTING. H. R. 5962, by Rep. Dawson, Ill., to provide permanent authority for the relief of certain disbursing officers; to Government Operations Committee (p. 4610).
30. HOLIDAY. H. R. 5963, by Rep. Dorn, N. Y., declaring Good Friday in each year to be a legal public holiday; to Judiciary Committee (p. 4610).
31. PERSONNEL. H. R. 5986, by Rep. Metcalf, to provide that any person aggrieved by a final decision of the Employees' Compensation Appeals Board may bring action on his claim in a U. S. district court; to Education and Labor Committee (p. 4610).
32. RECLAMATION. H. R. 5975, by Rep. Soudder, to authorize the Secretary of the Interior to reimburse owners of lands acquired under the Federal reclamation laws for their moving expenses; to Interior and Insular Affairs Committee (p. 4610).
33. FORESTRY. S. 1876, by Sen. Aiken (for himself and others), to authorize the Secretary of Agriculture to assist States in the carrying out of plans for forest land tree planting and reforestation; to Agriculture and Forestry Committee (p. 4614). Remarks of author (p. 4614).
34. LAND TRANSFER. S. 1878, by Sen. Mansfield (for himself and Sen. Murray), to amend the act authorizing the conveyance of certain lands to Miles City, Mont., in order to extend for 5 years the authority under such act; to Interior and Insular Affairs Committee (p. 4614). Remarks of Sen. Mansfield (p. 4617).

COMMITTEE HEARINGS RELEASED BY GPO

35. INTERIOR DEPARTMENT AND RELATED AGENCIES (includes Forest Service) APPROPRIATIONS FOR 1956. S. Appropriations Committee.

COMMITTEE HEARING ANNOUNCEMENTS FOR MAY 4: Proposal for USDA study of burley tobacco controls, H. Agriculture (Miller, CSS, to answer questions). Foreign aid bill, S. Foreign Relations (Dulles to testify). Calendar business, S. Agriculture (exec).

Act, which we hope to bring into line with modern conditions and the present needs of the country.

The old act, passed 17 years ago, has been outgrown in many respects, and we have many bills and suggestions on how we should amend it. It is a very controversial subject, and the producers, the interstate carriers, and the consumers all have different ideas as to how we should proceed.

We must not only report a bill which will meet the approval of the Senate, but we must bring in a bill which will be fair to the producers and the carriers, and one that will assure justice in prices to the consumers.

We desire to consider fully all proposals and give everyone interested in the Natural Gas Act a full opportunity to state his views.

To help get all suggestions before our committee at the hearing starting next week I am introducing today suggestions made in the annual report of the Federal Power Commission for amendments to the act which the Commission believes will modernize it and make it meet the changed conditions of the day, conditions which did not exist when the original act was passed.

I wish the RECORD to be absolutely clear on this matter. Several amendments are being proposed. Some of them are very controversial. With some I agree, and with others I do not agree. I am introducing, at the request of the Federal Power Commission, a bill to amend the Natural Gas Act. The bill involves a very controversial question. It deals with distribution and rates to be applied to natural gas. Included in the proposed legislation is the so-called Fulbright bill; the bill introduced by the distinguished senior Senator from Illinois [Mr. DOUGLAS], which, in my view, is largely a consumer bill; and 10 or 12 other bills, all of which deal with this very important subject.

I want that point clear as I introduce this bill and ask that it be appropriately referred, and I also wish it to be clearly understood that with some of the amendments I am in agreement and with others I am not.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1380) to amend the Natural Gas Act, introduced by Mr. MACNUSON, by request, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

USE AND DISTRIBUTION OF INFANTILE PARALYSIS VACCINE

Mr. IVES. Mr. President, I introduce for appropriate reference, a joint resolution which is designed to provide for the effective use and distribution of the Salk vaccine for the prevention of poliomyelitis. The temporary emergency, which has arisen as a result of the great demand for this vaccine and the possibility of the exploitation of its use, requires immediate action by the Federal Government. I am introducing this joint resolution urging that it receive the earliest possible consideration

by the Senate. In dealing with this vitally important matter speed is most essential.

Joining me in the introduction of this joint resolution are the junior Senator from Maryland [Mr. BEALL], the senior Senator from Connecticut [Mr. BUSH], the junior Senator from New Jersey [Mr. CASE], the junior Senator from Pennsylvania [Mr. DUFF], the junior Senator from Vermont [Mr. FLANDERS], the junior Senator from Minnesota [Mr. HUMPHREY], my colleague the junior Senator from New York [Mr. LEHMAN], the senior Senator from Montana [Mr. MURRAY], the senior Senator from Massachusetts [Mr. SALTONSTALL], and the senior Senator from Utah [Mr. WATKINS], the junior Senator from Maine [Mr. PAYNE], and the junior Senator from California [Mr. KUCHEL]. I invite any other Senators, who desire to do so, to add their names at the desk.

I have prepared a statement pertaining to this joint resolution, which I ask to have printed in the body of the RECORD at this point in my remarks, together with the text of the joint resolution, following the statement.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred; and, without objection, the statement and joint resolution will be printed in the RECORD.

The joint resolution (S. J. Res. 68) to provide for the most effective use and distribution of infantile paralysis vaccine, introduced by Mr. IVES (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The statement presented by Mr. IVES is as follows:

STATEMENT BY SENATOR IVES

Since the recent public disclosure of the discovery of a vaccine which prevents poliomyelitis by Dr. Jonas Salk, the grateful people of this Nation have been seriously concerned over its most effective use and distribution while the supplies are substantially less than the total needs of the entire country. In fact, this concern has created a temporary national emergency which must be alleviated immediately by the institution of a national program.

The development of this great medical discovery was made possible through contributions of the people of the United States to the National Foundation for Infantile Paralysis and the many dedicated scientists, including Dr. Jonas Salk, who have specialized in the study and treatment of poliomyelitis without thought of personal gain. The inevitable problems of distributing this precious vaccine, while it is still in short supply, in a manner which will accomplish the greatest national good, demand the immediate attention of the Federal Government. To provide for the free flow of such vaccine throughout the several States, in order to insure its most effective and equitable distribution, is a definite responsibility of the Federal Government to all of the people of the United States.

This joint resolution would authorize and direct the Secretary of Health, Education, and Welfare immediately to institute a Federal program for the distribution and use of all Salk vaccine, which would include the establishment of priorities by age groups, physical condition, and geographic location; the maintenance of distribution records by all principals involved; and the distribution of

the Salk vaccine at a reasonable cost to the purchaser. The Secretary of Health, Education, and Welfare is further authorized and directed to consult with State health officials, the National Foundation for Infantile Paralysis, manufacturers of Salk vaccine, and prominent scientists, including Dr. Salk, who have specialized in the study and treatment of poliomyelitis, concerning the promulgation and operation of this vital national program. The Secretary of Health, Education, and Welfare may well wish to utilize the services of some outstanding American to take charge of its administration, in the event that the Office of the Surgeon General of the Public Health Service is unable to undertake this additional task.

Regardless of who is selected by the Secretary of Health, Education, and Welfare to carry out this important work, it is urgent that the Congress take immediate action authorizing the establishment of a Federal program for the distribution of all Salk vaccine until sufficient vaccine is available to make unnecessary further Federal regulation and control. Therefore, in order to eliminate this national emergency, I urge the earliest possible consideration of this joint resolution.

The joint resolution introduced by Mr. IVES is as follows:

Senate Joint Resolution 68

Whereas the development of an infantile paralysis vaccine, a national blessing, has also created a temporary national emergency resulting from a demand far in excess of the supply; and

Whereas this development was financed by the voluntary contributions of the people of the United States and the untiring efforts of dedicated scientists; and

Whereas the Federal Government has an obligation to the people of the United States to provide for the free flow of such vaccine throughout the several States in order to insure its most effective and equitable distribution and use while supplies are less than the total needs of the entire population: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Health, Education, and Welfare is authorized and directed to issue mandatory rules and regulations regulating the distribution and use of all Salk vaccine manufactured in, imported into, and exported from the United States (including but not limited to the establishment of priorities by age groups, physical condition, and geographical location; the maintenance of distribution records by manufacturers, distributors and members of the medical profession engaged in the distribution and use of the Salk vaccine; and the distribution of Salk vaccine at a reasonable cost to the individual purchaser), during the temporary national emergency which has resulted from the insufficient supply of such vaccine.

SEC. 2. The Secretary of Health, Education, and Welfare is authorized and directed (1) to consult with State health officials, representatives of the National Foundation for Infantile Paralysis, representatives of the manufacturers of Salk vaccine, and prominent scientists, including Dr. Jonas Salk, who have specialized in the study and treatment of poliomyelitis, concerning the promulgation of mandatory rules and regulations regulating the distribution and use of all Salk vaccine during the temporary national emergency, and (2) to make such reports to the Congress as the Secretary may deem necessary, including recommendations for further legislation deemed by the Secretary to be desirable to implement the policies of this joint resolution. Any such report may recommend the enactment of legislation by the Congress to

maintain reasonable prices of Salk vaccine whenever the Secretary shall determine that the price of such vaccine or substantial amounts thereof has become unreasonably high.

SEC. 3. The Secretary of Health, Education, and Welfare may appoint and fix the compensation of such personnel as the Secretary deems advisable, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended, in order to carry out the purposes of this joint resolution.

SEC. 4. The functions exercised under this joint resolution by the Secretary of Health, Education, and Welfare shall be excluded from the operation of the Administrative Procedure Act, but the Secretary shall provide for the greatest practicable distribution and publication of rules and regulations issued under this joint resolution.

SEC. 5. Nothing contained in this joint resolution shall be construed to limit or supersede the applicability of the Federal Food, Drug, and Cosmetic Act, as amended, or any rule or regulation promulgated thereunder.

SEC. 6. There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this joint resolution.

SEC. 7. Any person who willfully performs any act prohibited or willfully fails to perform any act required by any rule or regulation promulgated under the authority of this joint resolution shall, upon conviction, be fined not to exceed \$10,000 for each such offense.

SEC. 8. All of the authority conferred under this joint resolution on the Secretary of Health, Education, and Welfare shall terminate at such time as the Secretary shall report to the President and the Congress that there is sufficient Salk vaccine to make unnecessary further controls under this joint resolution.

Mr. CASE of New Jersey. Mr. President, reports of the administration of Salk vaccine to adults and others not in the priority groups are deeply shocking.

The public, whose contributions made the Salk vaccine possible, the parents whose children are of the ages most susceptible to the dread ravages of polio, and the overwhelming number of parents and citizens who respect the priorities set by medical authorities and are quietly awaiting their turn, have every right to expect that immediate steps be taken to insure fair distribution throughout the country.

There is no dispute about the fact of a shortage. So long as the shortage continues, we are confronted with the unfortunate but, to my mind, undeniable, fact that no voluntary system of distribution can be expected to withstand the many various pressures for evasion. Whether these pressures arise from natural parental zeal or from selfish fear or cupidity, does not matter. The interests of all the children of the land are involved, and our children come first.

Doctors themselves will, I believe, welcome for the most part the institution of a distribution system under Federal control. This is not because most doctors will not respect to the full the priorities already established. No profession has set itself higher standards of conduct and none is more scrupulous in their observance. But today many doctors find

themselves besieged, by anxious parents, by patients asking, in some cases threatening, for injections to which they may or may not be entitled, and for which the doctors may or may not have the necessary supply of vaccine.

I have therefore been very glad to join in sponsoring the joint resolution introduced by the senior Senator from New York [Mr. Ives], directing the Secretary of Health, Welfare, and Education, to establish an orderly and fair distribution system throughout the country during the period of shortage. This measure is a purely temporary measure. Its terms will expire whenever the Secretary finds that the shortage is ended. I regard it as in no wise setting a precedent, but rather as the fitting response of the Congress to a national situation which is both acute and unique.

I hope Congress will act on this proposal promptly. But inevitably there will be some delay. In the interim, I am confident that the administration will take whatever steps are possible, perhaps through a voluntary embargo on commercial shipments, to insure that all presently available vaccine will be channeled to school systems and educational institutions to take care of those children at the most affected age levels.

PRINTING OF ADDITIONAL COPIES OF PAMPHLET ENTITLED "DISPOSAL OF GOVERNMENT-OWNED COMMUNITIES AT OAK RIDGE, TENN., AND RICHLAND, WASH."

Mr. ANDERSON submitted the following resolution (S. Res. 96), which was referred to the Committee on Rules and Administration:

Resolved, That there be printed for the use of the Joint Committee on Atomic Energy 7,000 copies of the Committee Print of the said Joint Committee during the 84th Congress entitled "Disposal of Government-Owned Communities at Oak Ridge, Tenn., and Richland, Wash.," dated April 1955.

AMENDMENT OF NATIONAL HOUSING ACT—AMENDMENTS

Mr. CAPEHART submitted amendments, intended to be proposed by him, to the bill (S. 1501) to amend the National Housing Act by adding a new title thereto providing additional authority for insurance of loans made for the construction of urgently needed housing for military personnel of the armed services, which were referred to the Committee on Banking and Currency, and ordered to be printed.

PROGRAM OF HIGHWAY MODERNIZATION IN CONNECTICUT—AMENDMENTS

Mr. BUSH (for himself and Mr. PURTELL) submitted amendments, intended to be proposed by them, jointly, to the bill (S. 1577) to enable the State of Connecticut to proceed with its program of highway modernization, which were referred to the Committee on Public Works, and ordered to be printed.

EXTENSION OF TRADE AGREEMENTS ACT—AMENDMENTS

Mr. BEALL submitted an amendment, intended to be proposed by him to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. MORSE submitted amendments, intended to be proposed by him to House bill 1, supra, which were ordered to lie on the table and to be printed.

Mr. O'MAHONEY submitted an amendment, intended to be proposed by him, to House bill 1, supra, which was ordered to lie on the table and to be printed.

Mr. HUMPHREY submitted amendments, intended to be proposed by him to House bill 1, supra, which were ordered to lie on the table and to be printed.

STUDY OF MERCHANT MARINE TRAINING AND EDUCATION—REFERENCE OF SENATE RESOLUTION 35

Mr. PAYNE. Mr. President, I ask unanimous consent that Calendar No. 260, Senate Resolution 35, to authorize a full and complete study and investigation by the Senate Committee on Interstate and Foreign Commerce of merchant marine training and education in the United States, which was favorably reported to the Senate by the Commerce Committee on April 28, 1955, be taken from the calendar, and referred to the Committee on Rules and Administration.

The VICE PRESIDENT. Is there objection to the request of the Senator from Maine? The Chair hears none, and it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. IVES:

Editorial entitled "Hating for Pay," published in the Washington Daily News of May 2, 1955; and articles entitled "Bigots Are On the March Again in United States," and "A Gallery of Pros in the Hate Racket," written by Jack Steele, and published in the Washington Daily News of May 2 and May 3, 1955.

By Mr. LEHMAN:

Press release summarizing remarks of Gen. Telford Taylor before New York Young Democratic Club on the subject The Democratic Party and the General Welfare.

Report of committee on social security legislation of the New York State Bar Association, together with letter dated April 25, 1955, addressed to Senator LEHMAN by Morrell S. Lockhart, chairman, committee on social-security legislation, New York State Bar Association, dealing with inclusion of self-employed lawyers in social-security coverage, which will appear hereafter in the Appendix.

By Mr. PAYNE:

Articles entitled "Collective Farms Have Not Worked," and "A Look Around the

Kremlin," written by May Craig, and published in the Portland (Maine) Press Herald of April 29 and April 30, 1955.

NOTICE CONCERNING NOMINATION OF WILLIAM G. EAST TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF OREGON

Mr. KILGORE. Mr. President, on behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in the nomination of William G. East, of Oregon, to be United States District Judge for the district of Oregon, vice James Alger Fee, elevated, to file with the committee in writing on or before Tuesday, May 10, 1955, any representations or objections they may wish to present concerning this nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE CONCERNING NOMINATION OF WILLIAM C. FARMER TO BE UNITED STATES ATTORNEY FOR THE DISTRICT OF KANSAS

Mr. KILGORE. Mr. President, on behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in the nomination of William C. Farmer, of Kansas, to be United States Attorney for the district of Kansas, for the term of 4 years, vice George Templar, resigned, to file with the committee in writing on or before Tuesday, May 10, 1955, any representations or objections they may wish to present concerning this nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE OF PUBLIC HEARINGS ON HOUSING BILLS BY THE SUBCOMMITTEE ON HOUSING OF THE SENATE COMMITTEE ON BANKING AND CURRENCY

Mr. SPARKMAN. Mr. President, on behalf of the Subcommittee on Housing of the Senate Committee on Banking and Currency, I wish to give notice that public hearings on several housing bills pending before the subcommittee will begin at 10 a. m., on Tuesday, May 10, 1955, in room 301, Senate Office Building.

All persons desiring to appear and testify at the hearings are requested to notify Mr. J. H. Yingling, chief clerk, Senate Committee on Banking and Currency, room 303, Senate Office Building, as soon as possible.

Bills presently before the subcommittee expected to be considered during the hearings are as follows:

S. 1800, the administration housing bill, which I introduced by request.

S. 789 and S. 1022, to continue authority to make funds available for farm loans and grants under title of the Housing Act of 1949, as amended. S. 789 was introduced by me for myself and 35 other Senators. S. 1022 was introduced by Senator MUNDT and would also provide a method for insuring farm loans.

S. 1501, introduced by Senator CAPEHART for himself and 28 other Senators, to amend the National Housing Act by

adding a new title providing authority for the insurance by the Federal Housing Administration of private loans made for the construction of military housing.

S. 1412 and S. 1642—both dealing with housing for elderly people. S. 1412, introduced by Senator MAGNUSON, would authorize the Public Housing Commissioner to make agreements with local public housing authorities for the admission of elderly widows, widowers, or single persons to public low-rent housing projects. S. 1642 was introduced by me to amend the United States Housing Act of 1937 in order to establish a program for the housing of elderly persons of low income.

S. 1524 was introduced by Senator LONG for himself and 24 other Senators to create a corporation for the extension of credit to aid local public bodies in the financing of public works.

S. 1565 was introduced by Senator CAPEHART for himself and two other Senators to amend the National Housing Act by adding a new title providing authority for technical research and studies on problems of air pollution and establishing a loan program to aid in the installation of air pollution prevention equipment.

S. 1744 and S. 1766—both dealing with the college housing program. S. 1744 was introduced by Senator FULBRIGHT for himself and me to amend title IV of the Housing Act of 1950 to aid educational institutions in providing housing and other essential facilities for their students and faculties. S. 1766 was introduced by Senator MAGNUSON to amend title IV of the Housing Act of 1950 to make loans available to certain junior colleges to provide housing for students and faculties.

PROPOSALS FOR PURCHASE OF THE BAYTOWN, TEX., GR-S FACILITY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent to have printed in the RECORD a letter I have just received from the Chairman of the Rubber Producing Facilities Disposal Commission, listing the names of bidders for the rubber facility at Baytown, Tex.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

RUBBER PRODUCING FACILITIES
DISPOSAL COMMISSION,
Washington, D. C., May 2, 1955.
Senator LYNDON B. JOHNSON,
Senate Office Building,
Washington, D. C.

DEAR SENATOR JOHNSON: As you know, the period for the receipt of proposals for the purchase of the Baytown, Tex., GR-S facility expired last Friday, April 29. I am pleased to advise you that the Commission has received proposals for the purchase of that plant from the following nine prospective purchasers: Baytown Rubber & Chemical Co., Minnesota Mining & Manufacturing Co. in conjunction with Midland Rubber Corp., the American Resinous Chemicals Corp., Food Machinery & Chemical Corp., General Tire & Rubber Co., Thiokol Chemical Corp., United Carbon Co., Goodyear Synthetic Rubber Corp., Mr. Edwin W. Pauley.

Such wide interest attests, we believe, to the value of the Baytown facility.

Sincerely yours,
HOLMAN D. PETTIBONE,
Chairman.

EXTENSION OF TRADE AGREEMENTS ACT—UNANIMOUS-CONSENT AGREEMENT

Mr. JOHNSON of Texas. Mr. President, I hold in my hand a proposed unanimous-consent agreement, which has been approved by the distinguished minority leader, the distinguished chairman of the Committee on Finance, and the distinguished ranking minority member of the committee. I send it to the desk and ask to have it stated by the clerk.

The VICE PRESIDENT. The clerk will state the proposed agreement.

The Chief Clerk read the proposed unanimous-consent agreement, as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Wednesday, May 4, 1955, after the conclusion of routine morning business, during the further consideration of H. R. 1, the Trade Agreements Extension Act of 1955, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the proposer of any such motion or amendment and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the bill shall be received.

Ordered further, That on the question of the final passage of the bill debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the majority and minority leaders.

The VICE PRESIDENT. Is there objection to the proposed unanimous-consent agreement? Without objection, the agreement is entered into.

Mr. JOHNSON of Texas. Mr. President, I point out that it may be necessary to keep the Senate in session late today, and I should like to have Senators put on notice of that possibility. So long as there are any Senators who care to address the Senate, the Senate will remain in session. It may also be that the Senate will remain in session late tomorrow evening.

Mr. IVES. Mr. President, taking advantage of the fact that I have the floor, I should like to ask the majority leader if there will be any votes taken on the bill today.

Mr. JOHNSON of Texas. There will be no vote today. The agreement just entered into will not go into effect until tomorrow. I shall discuss later with the distinguished minority leader the desirability of having the Senate meet earlier than usual tomorrow, at perhaps 10 or 11 o'clock, so that the bill may be disposed of tomorrow. However, I shall make an announcement with respect to that later, after I have consulted with the minority leader.

POLISH CONSTITUTION DAY

Mr. IVES. Mr. President, today marks the 164th anniversary of Polish Constitution Day. In this connection, I have prepared a statement which I ask unanimous consent to have printed in the body of the RECORD, following these remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR IVES ON POLISH CONSTITUTION DAY, MAY 3, 1955

I am once again highly privileged to join my fellow citizens of Polish descent in commemoration of the atepicious anniversary of Polish Constitution Day. On this significant national holiday, while the gallant people of Poland continue to endure the suffering inflicted by the Communist tyranny, it behooves free people everywhere to recall the heritage of freedom which is embodied in the history of Poland.

Polish Constitution Day is of special significance at this time—for the revelations of the infamous Yalta agreement are fresh in our mind. We shall never waver in our determination to support Poland in her resistance to the oppressors. Let us therefore reaffirm our traditional friendship with the Polish people and rededicate ourselves to their liberation. Only when that day arrives will the wrongs committed at Yalta be righted.

Mr. WILEY. Mr. President, as stated by the Senator from New York [Mr. Ives], today, May 3, is the national holiday of a gallant ally of this country. It is Polish Constitution Day.

Ten years have elapsed since the guns ceased firing in World War II, but Poland, the land in whose defense Britain and France took up arms in that global conflict, is enslaved rather than free, and the world mourns for her.

Yet, Poland still lives. Poland has not abandoned hope. Poland remains as faithful to its ideals, to the church of its fathers, to aspirations for its sovereignty, just as throughout its history it never yielded in its zeal for freedom in spite of all the persecution of foreign tyrants.

Last week, in anticipation of this day, it was my privilege to release a statement broadcast to the people of Poland by Radio Free Europe. I ask unanimous consent that the text of this statement be printed at this point in the body of the CONGRESSIONAL RECORD as one small indication of the friendship of the people of this land for a faithful, courageous, worthy ally.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY ON RADIO FREE EUROPE ON POLISH NATIONAL HOLIDAY

I should like to convey my warmest personal greetings to the people of Poland on the occasion of their national holiday—Constitution Day.

As in the most recent years, the celebration of Constitution Day this year will once more be a sad one because of Poland's enslavement under the heel of a godless tyrant.

We know, however, that Poland shall yet be free, as time after time in her previous history she rose successfully against aggressors who thought they had permanently enslaved her.

The people of the United States maintain their warmest fraternal ties with the people of Poland. We pledge to you that we will never accept your enslavement. We will never tolerate foreign rule of you.

We look forward to that day when your sovereignty shall be restored, when you shall be free once more to worship devoutly in the faith of your fathers.

We salute the invincible spirit of Poland. We express our gratitude to the countless

contributions of the Polish people to the liberty and independence of my own country.

We urge you men and women of Poland to keep your spirits high, never to let your faith dim that you shall be relieved of the yoke of the atheistic enemy.

The serious disturbances inside the Soviet empire, at the top and at the bottom, show that the day shall yet come when the armies of the aggressor shall recoil and the enslaved peoples shall be liberated.

Mr. MAGNUSON. Mr. President, I ask unanimous consent to have printed in the RECORD a statement prepared by the junior Senator from Massachusetts [Mr. KENNEDY] on the anniversary of the adoption of the Polish Constitution.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KENNEDY

On this anniversary commemorating the adoption of the Polish Constitution of 1791, it is a fitting occasion to pay tribute not only to this historic document, but also to pay tribute to the Polish people themselves. It ought not to be forgotten that this constitution was, after all, the product of the genius of the Polish people.

The May 3 constitution stands among the great constitutional documents of the world perhaps for one singularly significant reason: It gave to the Polish people a plan which, if put into practice, effectively, would surely have brought orderly government to Poland and undoubtedly would have enlarged substantially the area of freedom throughout the nation.

Hopes of the Polish reformers and the Polish people who enthusiastically acclaimed promulgation of this constitution were soon destroyed, when in 1792, almost a year to the day after the constitution was adopted, Russia intervened in Poland, defeated the Polish army, abolished the constitution of 1791, and subsequently partitioned Poland for a second time.

Although both their state and their constitution were destroyed, the hopes of the Poles were not crushed. Rather, their hopes for constitutional democracy and freedom continued to thrive and became part of the Polish tradition. These hopes, along with those other commendable Polish qualities of courage, patriotism, resistance to oppression, and a fighting spirit, all helped to shape what can be termed the "Polish national spirit."

It is this idea of the Polish national spirit which, during decades of oppression, was one of the principal sustaining forces of the Polish people. And today as Poland is again suppressed by a foreign power, it will be this same national spirit which ultimately will be the determining factor in the salvation of Poland.

Upon all Americans as well as the entire free world there rests the obligation to give encouragement to the oppressed people of Poland and all other peoples compelled to live under Communist tyranny. Never should it be said that the American people were indifferent to the fate of Poland. Although Poland does not today enjoy the freedom for which it yearns, our country looks to that future date when, freed from Communist tyranny, the Polish people will once again be joined in brotherhood with all free men.

Mr. BIBLE. Mr. President, on behalf of the distinguished junior Senator from Michigan [Mr. McNAMARA], I ask unanimous consent that a statement prepared by him on the 164th anniversary of the Polish Constitution be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR McNAMARA

To address you, the vallant people of Poland, today, on the 164th anniversary of the adoption of your constitution of 1791 is a high honor.

For the American people recognize that your constitution of 1791, like our own Constitution of 1787, is one of the great landmarks in the continuing struggle of mankind to live in freedom. It stands as a glorious symbol of the deep-seated dedication of the Polish people to govern themselves, free from foreign tyranny.

Time and time again, throughout the painful centuries of Polish history, your heroic land has been enslaved by cruel oppressors. Yet Poland has never died and Poland never will die. The spirit that brought forth the constitution of May 3 cannot be smothered or crushed, because it lives in the hearts of Polish men and women.

It was this same spirit that brought Thaddeus Kosciuszko to the shores of America to join in the struggle of our Nation for freedom—Kosciuszko, of whom Thomas Jefferson, the architect of the American Declaration of Independence, declared, "He was as pure a son of liberty as I have ever known."

It is the same spirit that moves today in the hearts of 5 million American citizens of Polish descent who have made and continue to make great contributions to the strength and vigor of our own democracy. In my own home State of Michigan, within the boundaries of just one city, Detroit, there are 350,000 Americans of Polish origin and they are among our finest and most useful citizens.

The spirit that gave birth to the constitution of 1791 is, finally, a spirit that will not be destroyed by the terror and tyranny of Soviet communism. For, as your national anthem magnificently declares, "Poland is not yet lost."

No, Poland is not yet lost. And I assure you that the American people, bound to the people of Poland by a common faith in liberty and democracy, will not rest until your nation is finally free.

People of Poland, take heart. For Poland will live again.

SANFORD, MAINE

Mr. PAYNE. Mr. President, last year, the town of Sanford, Maine, was hit by a major economic disaster when control of the Goodall-Sanford mills was acquired by the Burlington Mills Corp. Burlington immediately began to close the Goodall-Sanford mills. When more than 3,500 people lose their jobs in a town with a total population of 15,000, it is enough to make anyone question the prospects for the community's future.

The people of Sanford, however, rallied. With a sense of urgency, as well as faith in the future, a chamber of commerce was organized. A vigorous campaign to bring new industry into the community was undertaken. This campaign is beginning to show results which are inspiring even greater efforts in Sanford's behalf.

Faced with a major crisis in their community's life, the leaders and people of Sanford have risen to the occasion with a fervor reminiscent of our Nation's pioneers. They refused to sit on the sidelines and watch their town die.

I want to pay high tribute here in the Senate today to the Yankee ingenuity and old-fashioned resourcefulness which the citizens of Sanford have shown. So long as our people have such faith, we need not fear for the future of our Nation.

magazine associations. Public statements by counsel for the 4 A's as well as the American Newspaper Publishers Association have challenged our proposed complaint, while admitting its principal allegations, and have urged their clients to shun consent settlements and proceed to trial.

As a law enforcement officer, I do not propose to try any cause, pending or proposed, in the public press. Our prized tradition of unbiased trial bars any prosecutor from unseemly comment on such proceedings. However, public responsibility here requires some explanation of those violations the Government charges, and those procedures chosen to strike down the actions alleged to be illegal.

The story begins with a letter to me, dated 10 days after I took office on May 1, 1953. This letter of complaint came from an advertising agent claiming he had been injured by acts of the proposed defendants. He charged that he had previously been given the "run around" by the Department of Justice. My investigation first disclosed that a proposed grand jury investigation into this subject, recommended by a field office in 1951, had been denied by Washington.

After some 3 months of careful consideration, in September 1953, I ordered reopening of the preliminary investigation closed in 1951. As a first step, we searched the records of four associations of newspaper and magazine publishers, as well as the 4 A's. This survey soon revealed the existence, as our complaint in substance alleges, of a veritable private government known as "the recognition system." This system fixed conditions for newcomers' entry into the advertising agency business; fixed rates which those ad agencies already in business might charge; and fixed a sanctuary from competition for ad agencies by in effect barring advertisers from dealing directly with newspapers and magazines. As a result, the Government feels two classes of businessmen were injured—ad agencies whose entry into the business was impeded, and advertisers who were prevented from cutting sales costs, if they so desired, by placing advertising directly with newspapers or magazines. As a result, national advertisers were compelled to pay media the full ad rate, including payment for advertising agency services they did not want, and never received.

In 1930, the FTC dismissed a complaint involving many of the same issues. No opinion of any kind accompanied this dismissal. I am informed that the sole ground for this dismissal was the legal conclusion that there was want of interstate commerce.

That dismissal some 25 years ago, however, was under the narrower interstate commerce definition embodied in the Federal Trade Commission Act * * * not the broader standards of the Sherman Act, under which we now proceed. Furthermore, subsequent to 1930, the Supreme Court has squarely held that under the Sherman Act, local "distribution * * * of * * * advertisements transmitted * * * in interstate commerce * * * is an inseparable part of the flow of * * * interstate commerce" (*Lorain Journal v. U. S.* (342 U. S. 143, 152)).

Thus defendants' recognition system, it seems clear, rests on the traditional hardcore antitrust violations of price fixing of ad agencies' commissions, and group boycott of nonrecognized agencies. These practices the Supreme Court has repeatedly declared illegal per se. As the recent report of the Attorney General's National Committee To Study the Antitrust Laws put it, "Certain forms of conduct, such as agreements among competitors to fix market prices—[or group boycotts] are 'conclusively presumed to be illegal by reason of their nature or their necessary effect' so that they can quickly and positively be adjudged violations of the Sherman Act."

Faced with this situation, I ordered a complaint prepared. That complaint charges, first, that 4 A's and the 5 defendant media associations conspired with each other. Second, it charges a separate conspiracy between each association and its members.

At the heart of the offenses alleged is the recognition system. Under this system, newspaper and magazine associations recognize those advertising agencies which are entitled to receive agency commissions and credit. Failure by an ad agency to secure recognition from any one of the defendant media associations constitutes a severe competitive handicap. First, a nonrecognized agency is denied advertising commissions and credit. Second, perhaps equally important, its nonrecognized status is proclaimed among national advertisers and media. This imputes to the nonrecognized agency an aura of financial instability and business incompetence.

Standards for agency recognition adopted by each of the defendant media associations, our complain alleges, are practically identical. Briefly, these standards require that an ad agency seeking recognition must represent and assure in writing, among other things, that (a) it functions as an independent contractor, not a house agency controlled by or affiliated with an advertiser, or an owner of a printing or engraving establishment, and (b) that it retains all agency commissions and does not discount to its clients any part thereof.

Agency commissions, it should be said, are paid by media in the form of a discount allowed to ad agencies on gross rates. All defendant media associations, our complaint charges, have agreed to standardize their 15-percent commission for advertising agents. The only way, therefore, that an advertising agency could cut rates to an advertiser is through a rebate. Thus media associations' requirements barring rebates result in price fixing.

In addition, all defendant media associations, the Government charges, insisted that each "recognized" ad agency agree to abide by the 4 A's standard conditions governing advertising contracts and orders and to use the 4 A's standard contract and order forms. The essentials of the media associations' standards for agency recognition were proposed by the 4 A's. A's aim, our complaint charges, was to free ad agencies as a class first, from price competition among themselves and, second, from competition in advertising services from national advertisers who wished to deal directly with the media.

Further pursuing its plan, our complaint alleges, the 4 A's and its members agreed to retain their full commission and not rebate any part to advertisers. Beyond that, they agreed to fix and maintain agency commissions at 15 percent and to refrain from competing with each other for new business by submitting speculative material.

After the complaint was drafted and approved by the Attorney General, the Department notified the ANPA and the 4 A's that the Government contemplated suit against them and others. This was done in accordance with our usual procedures, after a specific request made by these two associations during the investigation that we so notify them of our intentions. In response, several officials of ANPA sought, and had, a meeting with us. Further, I explained that while settlement could be fairly negotiated, the ANPA, like any other potential defendant, must consent to have its settlement embodied in a consent order. For my belief is that all groups—no matter what their power—must be treated alike. The ANPA officials requested several days to consider the matter and advised us we would have their answer.

The next I heard from counsel for this proposed defendant was via the public press. There statements by counsel for ANPA as well as the 4 A's proclaimed each association was free from any taint of violation and attacked the Government's proposed complaint. In addition, counsel for ANPA sought to distort our efforts to curb the ANPA's stifling of competition as an effort to control the operation of the press. Suffice it to say, in the language of the Supreme Court in the Associated Press case: "Surely a command that the Government itself shall not impede the free flow of ideas does not afford nongovernmental combinations a refuge if they impose restraints upon that constitutionally guaranteed freedom. Freedom to publish means freedom for all and not for some * * *. Freedom of the press from governmental interference under the first amendment does not sanction repression of that freedom by private interests" (326 U. S. 1, 20 (1944)).

These statements by counsel, it seems clear to me, make prefilng negotiation impossible. Soon after he took office, you may recall, the Attorney General announced the Antitrust Division would, in certain civil antitrust cases, offer businessmen a chance to negotiate a settlement before we file suit. Such prefilng procedures aimed to ease consent negotiation by enabling settlement before the position of either party had been frozen by public announcement. This aim, of course, counsels' public statements have defeated.

Consequently, I expect to file our complaint in the United States Court for the Southern District of New York, within the next several days. In light of public statements by counsel for some of the defendants, I feel sure defendants will share our desire for prompt decision of the issues soon to be at bar. For this reason, I trust they will answer promptly and thus put the matter at issue. As soon as this is done, I shall be glad to cooperate in any endeavor to speedily bring the matter to trial at the earliest possible moment.

EXTENSION OF TRADE AGREEMENTS ACT

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). If there is no further morning business to be transacted, the Chair lays before the Senate the unfinished business, which is H. R. 1.

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CASE OF MRS. LUCILLE AFFOLTER, FORMERLY MISS LUCILLE MILLER

Mr. WILLIAMS. Mr. President, during the investigation of the office of the Bureau of Internal Revenue in Pittsburgh, Pa., the identity of one of the

employees with whom I had been in contact was discovered.

The employee to whom I refer is Mrs. Lucille Affolter—formerly Miss Lucille Miller. She had been working with the Bureau of Internal Revenue at Pittsburgh for a period of nearly 15 years, having entered the service on February 2, 1938. The latter 10 years of this period she had been the receptionist in the office of the Director.

Notwithstanding this long service record, within 8 days after my interviewing her on June 17, 1953, Mrs. Affolter's identity had been discovered by the Department and she had been given her separation notice. She was only reinstated following my vigorous protests, and continued to work until January 1954, at which time she voluntarily resigned, having married during this interval. Her case would have ended with her retirement had I not discovered that her civil-service file had been flagged by the Bureau in such a manner as to prevent her future reemployment by the Government. I am convinced that this blemish on her record resulted solely from her cooperation with me during that investigation, and therefore, I would be most negligent in my responsibilities if I did not clear her record. It is now Mrs. Affolter's belief that she will not desire reemployment by the Government, but should circumstances develop whereby she would want reemployment, I do not intend that her cooperation with me should prove a handicap.

This question has been taken up with the Bureau officials, but they have refused to reconsider their decision to flag her files; therefore, my only alternative is to point out publicly why this action was wholly unjustified and in my opinion indefensible. I review her case.

Beginning in 1952 and extending through early 1953 I received numerous reports charging gross irregularities on the part of employees and former employees in the Pittsburgh office of the Bureau of Internal Revenue. These charges were developed and referred to both the Treasury Department and the Department of Justice along with the confession of one of the participants involved.

During the past 2½ years there have been several indictments and convictions and several employees removed, and the investigation is still going on.

I review these results to demonstrate that there was a serious condition existing in the Pittsburgh area and one which demanded attention.

I do not wish to infer that all these results were obtained from information furnished by Mrs. Affolter or from information furnished to the Departments through my office. However, I believe that both the Departments of Justice and Treasury will confirm that it was information they received through my office which broke the case.

In the early development of this case a question arose as to the accuracy of the statements of two certain individuals who were denying acquaintanceship. I was informed that the receptionist, Miss Lucille Miller, had in her possession a diary of her office work carrying per-

sonal notations of visitors to the office along with information as to whom they saw.

Through correspondence and telephone conversations I verified the fact that she did have such records and suggested that I come to Pittsburgh to examine them. Miss Miller was very much concerned lest any cooperation she might give would, if discovered, cause her trouble. To reassure her I promised that I would withhold her name but that should it be discovered I would most certainly defend her.

The reason I did not refer this question through the Bureau of Internal Revenue and allow their agents to check the report was that the allegations involved certain officials in the Pittsburgh office who, by virtue of their positions, might be able to censor the report. Also, thus far I had been unsuccessful in convincing either the Treasury Department or a congressional committee that conditions in that office were other than normal.

On June 17, 1953, I went to Pittsburgh and met Miss Miller, at which time I examined these diaries. My secretary took notations from these books, but when I recognized that they contained more information than first indicated, I persuaded Miss Miller to allow me to bring the books back to Washington.

At this point it should be made perfectly clear that these books or diaries contained no information which made it a violation of any law for Miss Miller to give them to me. To support that statement both these books are here on my desk today available to any Member of the United States Senate for his examination.

Within a few days after my visit Miss Miller was questioned by intelligence agents, and during that questioning admitted our conference. She told them that she had turned these two appointment books, or diaries, over to me, and when they expressed interest in examining them she suggested that they could be seen at my office in Washington.

My conference with Miss Miller was on June 17, 1953; the questioning referred to above was a couple of days later; and on June 25, exactly 8 days after our conference, Miss Miller received her dismissal notice. The charges were:

First. That she had violated paragraphs 65 of Rules of Conduct and Other Instructions for Employees of the Internal Revenue Service. I quote that regulation:

Title, Responsiveness to Proper Authority: Employees are expected to respond readily to the direction of their supervisors and to cooperate fully with all other properly constituted authority in the Internal Revenue Service. This includes compliance with directives as well as cooperation with investigating or examining officers of the Service.

Second. That she had made accusations against her superior officer reflecting upon his official integrity.

As to the latter charge of submitting allegations to the Bureau questioning the integrity of an officer of that agency, I point out that if this were a crime I

would have been removed from the Senate long ago.

With the notice of June 25 she was given 5 days to show cause why she should not be removed from the Service or otherwise disciplined.

Miss Miller immediately advised my office of her difficulty, and I told her to file an appeal. I then called Commissioner T. Coleman Andrews and arranged a conference.

This conference was held on July 1, 1953, in the Capitol Building. As observers at this meeting with Commissioner Andrews were two other Members of the United States Senate.

During the discussion it was obvious that the principal charge against Miss Miller was that she had given these books to me rather than having turned them over to the Bureau inspectors.

It also developed that during the cross-questioning of Miss Miller by the intelligence agents she admitted having written certain letters to the Bureau in Washington complaining of conditions in the Pittsburgh office; but that when confronted with the demand by the intelligence agents either to prove or to retract the charges, she took the easier course and retracted them.

During the past 3 years I have on several occasions submitted allegations to the Bureau for their further examination, knowing at the time that I could not actually prove the charges. That is why I sent them down with the request that they be further investigated.

If these employees or myself are going to be called upon to prove every allegation referred to the Bureau, then why have an intelligence unit.

But that is not the reason Miss Miller was given her separation notice. There was no doubt in my mind at the time, nor is there any doubt today, that Miss Miller was suspended for one reason only, and that was for cooperating with me.

The Bureau complained that Miss Miller had throughout the questioning been a reluctant witness. She was also reluctant when I talked with her, but that is understandable. The girl was scared. She knew that some of her superiors were involved in the investigation.

If a Government agency is going to demand that every employee who forwards information regarding questionable conduct of officials in their department stand ready to prove such charges or be disciplined they will never get any information of wrongdoings, nor will they be able to clean up the corruption. Every employee has a responsibility to submit to his superiors any information or even rumors regarding corrupt practices on the part of his superiors, but at the same time he has a right to expect protection and not reprisals.

In the conference of July 1, 1953, all this was pointed out to Commissioner Andrews, and the dismissal notice of Miss Miller was rescinded. But apparently her case did not stop there.

It now develops that during the succeeding months a series of investigations centering around the work of Miss Miller was quietly conducted, but since she was retained on the job the charges

against her, so far as I knew, had been dropped.

Having married during the interval, Mrs. Affolter on January 27, 1954, resigned. She advised me at that time that her resignation was of her own accord and expressed her appreciation for having been protected during the latter days of her employment.

It was not until March 19, 1954, that I again heard from Mrs. Affolter, when she called and said that she was again in difficulty with the Department. She explained that after her marriage she and her husband had purchased a home, and in order to assist in the payment she had at the time of her resignation requested a refund of her retirement credits. Now, with the settlement date approaching, she had just been advised that her retirement credits were being held up by the Department on the basis that she had "resigned while under investigation."

Mrs. Affolter said that she had not known there was any investigation under way at the time of her resignation, and she requested my assistance in finding out what the trouble was.

I immediately wired the Director of Internal Revenue in Pittsburgh, asking whether Miss Miller had resigned while under investigation, and if so, the charges, or if her resignation had been purely voluntary, as she claimed. I received a reply from the Director stating that her resignation was voluntary. I ask unanimous consent to have incorporated in the RECORD at this point both these telegrams.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Is there objection? The Chair hears none, and it is so ordered.

The telegrams are as follows:

MARCH 22, 1954.

Mr. A. J. DUDLEY,
District Director, Bureau of Internal Revenue, Pittsburgh, Pa.:

Has Lucille M. Affolter been separated from your office? If so, was separation purely voluntary or for cause? If latter reason, explain.

JOHN J. WILLIAMS,
United States Senator.

PITTSBURGH, PA., March 23, 1954

JOHN J. WILLIAMS,
United States Senator:

Re your telegram of March 22, 1954, Lucille M. Affolter voluntarily resigned on January 27, 1954.

A. J. DUDLEY,
District Director, Internal Revenue.

Mr. WILLIAMS. Mr. President, I then contacted the Treasury Department, read to them the telegrams, and asked for their explanation. They said there was no suggestion of any fraud on the part of Miss Miller to justify such withholding of her retirement credits, and that it was an error that such action had been taken. Accordingly, they promised that this error would be promptly corrected and her check immediately forwarded. This was done. Her check was mailed.

However, in getting this straightened out I discovered that a question mark raising doubts as to her eligibility for reemployment was being noted on her record.

So far as Mrs. Affolter was concerned, the case was closed, since in her opinion she did not think she would be seeking reemployment. However, I was not satisfied to allow the case to remain in this condition, since I knew that if, as a result of unexpected circumstances, Mrs. Affolter should again seek Federal employment this question on her record could prove a handicap. I therefore advised her accordingly and suggested that I proceed to clear the record. I felt morally bound to see that this was done, since I was convinced that all of her difficulties had developed as a result of having been identified as cooperating with me.

During the intervening months I have been working toward that end; however, the Bureau of Internal Revenue in a recent letter has flatly refused to reverse their action and insists upon keeping the civil-service record of Mrs. Affolter flagged in such a manner that it would practically prohibit her from ever being reemployed in any agency of the United States Government.

They unhesitatingly admit that a part of the charges against Mrs. Affolter is a result of her willingness to cooperate with my office, although they claim that this was not the determining factor.

Mrs. Affolter—or Miss Miller—was employed as a receptionist in the office of the director at Pittsburgh, and in that capacity she could not possibly have been in a position to have had any connection whatever with the improper handling of tax cases, nor is there even any suggestion of this by the Department.

I have discussed her case and all the charges involved with the Bureau officials, and they have at no point presented me with any evidence or any suggestion that she was a party to any of the fraudulent activities in that office.

For a period of approximately 16 years Mrs. Affolter had been working with the Bureau of Internal Revenue in Pittsburgh, Pa., and for approximately 10 years of this time she served as the receptionist in the office of the director. Her record was clear until after she had been identified as an employee with whom I had talked. Within 8 days after the Bureau discovered that I had interviewed this girl, she was fired.

I am thoroughly convinced that her difficulty arises solely as a result of her willingness to cooperate with me and a resentment on the part of certain officials that I kept insisting on a full disclosure of the activities in the Pittsburgh area.

I never met Mrs. Affolter until the June 17, 1953, meeting, but I was greatly impressed with her sincerity and her loyalty to the Bureau. While apparently anxious to do the right thing, she was greatly concerned over the propriety of giving me possession of the two diaries or appointment books, and I take the sole responsibility for having persuaded her to allow me to bring them back to Washington.

I repeat: There is nothing in these books regarding any individual's tax returns or tax liabilities. They deal solely with a record of appointments plus some notations of a personal nature.

They are here on my desk today and can be inspected by any Member of the Senate interested in their contents.

Furthermore, with Mrs. Affolter's full consent, these books have been made available to the Treasury Department.

I certainly do not want to leave the impression that all the information I obtained in the Pittsburgh area was from Mrs. Affolter, or Miss Miller, as her name was then. However, the information which I received from her did furnish a missing link. Likewise, I cannot overlook the fact that all the information which I have ever developed, either in regard to the Pittsburgh area or in regard to any other area, has been obtained from the "Miss Millers"—those honest and loyal employees of the Government who, when the chips were down, gambled the security of their jobs in an effort to cooperate in exposing corrupt practices in their departments.

To my knowledge this is the only instance, during the past several years in which I have worked in this field, that anyone with whom I have worked has been identified, and I would be most negligent in my responsibilities and unworthy of the cooperation I have received from these persons if I did not see that the civil service record of this girl is cleared. I do not know that she will ever desire reemployment with the Government; however, if she should, I am determined that her having cooperated with me will not destroy that opportunity.

Had the Bureau of Internal Revenue demonstrated but a small degree of diligence in investigating the charges against the corrupt officials in the Pittsburgh area that they did in investigating Mrs. Affolter after it was established that I had interviewed her, the conditions in that Department would have been cleared up months sooner.

I do not question that having gone over her record with a finetoothed comb they may have found that she violated some technical rule, and I should say that the same thing would be true in regard to most other employees. But the record stands that her slate was clear until after my visit to Pittsburgh. Eight days later she was fired and since that time has been subjected to one of the most extensive investigations possible.

I have read all the charges against Mrs. Affolter. I have discussed time and time again with the Treasury Department the complete story surrounding her case, and I most emphatically state that there is nothing in any of the information which they have given to me which would justify such action on their part. There is nothing in her record which has been shown to me which would raise any question as to her eligibility for future reemployment. Without any hesitation, I make the statement here today that, having met Mrs. Affolter, having been greatly impressed with her sincerity and loyalty to her job, and having examined in detail her complete service record, I would recommend her most highly for employment by any agency of the Government. I only wish we had more Federal employees of her caliber.

I am authorizing Mrs. Affolter to use my name as a reference should circumstances ever develop whereby she would apply for reemployment in the Government or in private industry.

Also, a copy of my remarks here today is being forwarded both to the Civil Service Commission and to the Treasury Department, with the request that they be made a part of her permanent files.

It will be noted that in this report I have referred to Mrs. Affolter on occasion as Miss Miller. This has been done, since I first interviewed the girl prior to her marriage, and the Department records will therefore refer to her on those dates as Miss Miller.

I am sorry this difference of opinion as to the official action taken in this case has developed between the Bureau of Internal Revenue and myself, but I am convinced that in their decision on this case they are wrong.

With corruption existing at the very top level of the Department itself, employees who had suspicion of such wrongdoing had no alternative other than to seek outside assistance. Furthermore, they had a legal right to bring such information to Members of Congress, and we in Congress had a right and a responsibility to expose the corrupt conditions. I quote:

United States Code, title 5, section 652: "(d) Right to petition Congress: The right of persons employed in the civil service of the United States, either individually or collectively, to petition Congress, or any Member thereof, or to furnish information to either House of Congress, or to any committee or member thereof, shall not be denied or interfered with." (August 24, 1912, ch. 389, sec. 6, 37 Stat. 555; June 10, 1948, ch. 447, 62 Stat. 354; 1949 Reorganization Plan No. 5, effective August 20, 1949, 14 F. R. 5227, 63 Stat. 1067.)

In the past I have made it a practice that upon receiving allegations regarding the official conduct of Government employees first to make appropriate inquiries to reasonably substantiate the charges, and then to forward the information to the agency of the Government involved. Naturally in every instance the name of the employee or nonemployee with whom I had discussed the case was omitted.

This information was forwarded to the agency affected on the basis that each agency should take the initiative in cleaning up its own corruption. It has been only when the agency involved failed to handle the case as I thought it should that I have gone to the Senate floor with a public statement.

That practice has been followed in regard to the Treasury Department under both the previous administration and the present one; however, I can only interpret the Bureau's action in the case of this girl as an indirect warning to all employees as to what they can expect if in the future they are caught furnishing me any information. Therefore, I have no alternative other than to advise the Bureau of Internal Revenue here today that they will receive no further cooperation nor reports from my office until they have withdrawn all charges against this girl.

Mr. CARLSON. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield to the Senator from Kansas.

Mr. CARLSON. The Senator from Delaware has called the attention of the Senate to a rather serious charge, in that, as I heard his statement, a classified civil-service employee had been dismissed for the reason that she furnished information to a Member of Congress. It seems to me as though the discharge of this employee was really a reprisal for that act on her part.

As a Member of the Committee on Post Office and Civil Service, I would say that to such an incident I think we should give some attention not merely because of this individual case, but because other employees of the Government who are patriotic enough to cooperate with the Congress in giving its Members information may at some time be affected. So I wish to commend the Senator for advising the Senate of this situation.

Mr. WILLIAMS. I thank the Senator from Kansas, and I point out again that while Mrs. Affolter was first given a separation notice, she was reinstated after my complaint. At the time of her resignation a few months later, both she and I thought it was a purely voluntary resignation. It was only after this other difficulty that we found out her file was flagged with the notice that she would not be eligible for future employment.

I have talked to Mrs. Affolter. She does not have any intention of seeking reemployment with the Government, nor does she wish reinstatement. I think, however, in fairness to her record and to all employees who have cooperated with the Congress, her record must be cleared.

At the conference which took place in the Capitol, at which were present two Members of the United States Senate other than myself, it was clear that the furnishing of the information was the determining factor in the dismissal of Mrs. Affolter.

I repeat again: There is nothing in the books which I obtained from Mrs. Affolter dealing with income taxes of any individual, or any information the divulging of which would be considered a violation of the law.

I shall not be satisfied until the record of this girl has been cleared.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. SPARKMAN. Mr. President, I wish to address myself to the unfinished business, which is H. R. 1.

Thanks to the foresighted efforts of those who have planned our international programs from the end of World War II up to the present time, the free world has grown strong, and may now be in reach, at long last, of winning the cold war.

We have every right to be proud of the part our Nation has taken in helping to rebuild a world torn asunder and

left in an utterly chaotic condition as a result of the devastating effect of World War II. But our work is by no means complete.

I can think of no more important task than that of leading the way to the establishment of a healthy, worldwide trade among the nations of the world. To help do just this is the purpose of H. R. 1. I hope and I believe that the Senate will approve the bill without crippling amendments.

The choice now before this body is between the general and the particular good. On the one hand stands the policy of continuing, as conditions permit, to reduce the barriers to free world commerce, and by so doing to enhance our prosperity and our freedom. On the other hand stands the policy of acceding to the petitions of an injured few who, by dint of organized complaint, have created an army out of what is really a platoon.

On the one side are ranged the Democratic Party, in its historic free-trade role, the present Republican administration, and leaders in public and private life. Groups there are also—the American Bankers Association, American Cotton Shippers Association, Farm Bureau, American Federation of Labor, Chamber of Commerce, Congress of Industrial Organizations, Cooperative League, Tobacco Associates, Tobacco Association of the United States, and Leaf Exporters Association, to mention a few. In addition, liberalization has been endorsed by every public advisory board on trade policy established since the end of World War II—by the foreign economic policies study group headed by Gordon Gray; the International Development Advisory Board, under the chairmanship of Nelson Rockefeller; the Public Advisory Board for Mutual Security, led by Daniel Bell; and the Commission on Foreign Economic Policy, directed by Clarence Randall.

Who are those in opposition? Some are those who historically, traditionally, and inherently are opposed to imports, who favor high tariffs, and who seem never to have recognized the shrinking of the world.

But there are others opposed to H. R. 1. There are those relatively few industries who could be hurt, and some of which may be hurt. With these, I have complete and real concern and sympathy. However, I feel that H. R. 1 as it comes to the Senate from the Finance Committee carries provisions for protecting these industries. Furthermore, President Eisenhower has given his positive assurance that the act will be administered so as to prevent undue injury.

There is another group—a rather large group—whose fears, I hope and I believe, are not based on reality. One of the industries in this group is one of great importance to my own State. I refer to the textile industry. I felt that the textile people were justified in asking that the applicable date be one prior to the enactment of this measure, rather than July 1, 1955, as was proposed. They were entitled, as were other affected industries, to know just what the starting level was, rather than to be dependent upon what might come out of the Geneva

conferences. The committee wrote this amendment into the bill.

There is only one basic determinant, namely, the good of our country as a whole; and there can be no question that our country's welfare depends on an ever-expanding reciprocal reduction of trade barriers.

The moment the Congress yields to particular interests, will be the moment when our Nation ceases to have a trade policy in the national interest. Instead, we shall be on our way back to the log-rolling tariff days, and shall have abdicated the leadership opportunity of building a fine, healthy, worldwide trade calculated to give even greater strength to the free world.

This is not to deny the need for cushioning possible damage to American industry which reduced trade restrictions may bring. I would agree with the Bell report—

That in cases where choice must be made between injury to the national interest and hardship to an industry, the industry (must) be helped to make adjustments by means other than excluding imports—such as through extension of unemployment insurance, assistance in restraining workers, diversification of production, and conversion to other items.

I may add that similar recommendations for adjustment were made last year by a member of the Randall Commission, Mr. David J. McDonald, president of the United Steelworkers of America, CIO, whose proposals were subscribed to, in varying degrees, by other members of the Commission, and now have become the subject of proposed legislation.

Our serious consideration of these and related suggestions would seem appropriate.

With these principles in mind, I should now like to speak briefly about the benefits of the pending bill to our national economy, as well as to our worldwide military, political, and economic relationships.

One of the pillars of international economic trade policy, of course, is the long-term equalization of imports and exports. It is illusory to talk, as was once the vogue, in terms of a "favorable balance of trade." If a country's exports exceed its imports, the difference must be found in grants, loans, and gifts. Trade restrictions are thus a subsidy of the domestic producers whose products cannot successfully compete with imports, and of the exporters whose high volume of business can be sustained only by having the Nation as a whole—through governmental action—provide other nations with the funds which it is necessary for them to have if they are to purchase our exports without commensurately exporting to us.

Between the two world wars, our excess of exports was compensated for by a high flow of gold bullion from Europe to this country. Since World War II, with European gold reserves greatly reduced, we have abridged the gap between exports and imports by \$35 billion in economic aid.

And still the dollar gap persists. In 1954, for example, our nonmilitary exports in goods and services approximated \$15,850,000 as compared to im-

ports of only \$10,250,000,000. The difference was covered in part by \$4,750,000,000 of United States governmental grants or sales for foreign currencies.

"Trade, not aid," some say. But it is elemental economics that no aid and not enough trade are mutually exclusive conditions. Either we have aid in the amount necessary for absorbing the excess of exports, or trade will reach a level at which exports and imports are equal.

This means, of course, that if we wish to maintain—and, if possible, to expand—our present level of exports, we must either make possible greater imports, or expect to continue, and even to enlarge, our aid program. Few would argue in favor of expanding foreign aid; many, in fact, wish to see it curtailed. By the same token, we can hardly afford a decline in our exports.

Our export trade, which comprises about one-quarter of the world's total, annually consumes one-sixth of our total national production—more than a third of our cotton, one-quarter of our tobacco, 25 percent of our wheat, 50 percent of our rice, 10 percent of our machine tools, 20 percent of construction and mining equipment.

Since 1945, the value of agricultural exports alone has, each year, equalled about one-eighth of our annual cash farm income. One acre in every 10 of our total farmland is producing for foreign consumption.

My own State of Alabama knows the reality of these figures, for of its farm crops, about 35 percent of cotton and 15 percent of peanuts are sold abroad each year.

What, then, is the sensible course for the protection of our national economy? The eminently sensible course is to approve the trade-agreements program contained in H. R. 1.

Equally important are the effects of this measure on our worldwide military, political, and economic relationships. No one will deny that the vitality of a nation's economy directly affects its political and military strength. It is also indisputable that if nations are thwarted in their trade with us, they will soon turn to other markets, even markets within the Communist bloc.

Under the Marshall plan, for example, we gave to Denmark \$1 million for the establishment of a blue cheese merchandising system especially adapted for sales in the United States. Several years later, upon complaints by cheese interests in this country that imports of Danish blue cheese were depressing their market, a quota on the imports of that product was established. The Danes thereupon cancelled permission for us to use islands in the Baltic Sea as sites for air bases; and, deprived of American dollars exchange, the Danes turned from coal purchases in West Virginia to coal purchases from Communist Poland.

Europe as a whole has made remarkable strides in economic recovery since the end of World War II. Steel production in Britain is approaching 20 million tons annually; Italian automobile production has increased 31 percent since

1953; West Germany's unemployment is below our own; and France's industrial output has soared from an index of 90 in 1948 to 128 at the present time. These are startling gains, but they can be maintained and strengthened only if we permit less restrictive access to our own markets, in return for the large volume of our products being sold in Europe.

In the Pacific, Japan is a keystone in our military and political planning. But there are disturbing signs that the economic vitality of that country is being impaired by limited access to markets in the United States, Europe, and the Commonwealth of Nations. A nation of 87 million inhabitants, increasing by a million and one-half a year, Japan is somewhat smaller in size than California. Of its total land mass, reduced 44 percent in World War II, only 16 percent is arable. The agricultural population is relatively constant; and industrial expansion is the only source of employment for population increases. In 1953, the per capita income was \$190, in comparison to a per capita income of \$1,850 in the United States.

Mr. President, on April 29 of this year, there appeared in the Washington Post and Times Herald an article entitled "Warning Signals in Japan." The article was written by Mr. Joseph Alsop; and in it he gives a very good picture of present conditions in Japan, and points out some of the danger signals to which I have just referred. I ask unanimous consent that that article be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MATTER OF FACT

(By Joseph Alsop)

WARNING SIGNALS IN JAPAN

In the past month, things have been happening in Tokyo that ought to have alarmed even the most complacent and self-satisfied American policymakers.

The theme of the drama has been a Japanese-American negotiation about the scope of Japan's "self-defense" program and the size of the "defense contribution" Japan pays the United States for its present defense by American forces.

At one stage in this drama, tension reached such a point that the Foreign Minister, Mamoru Shigemitsu, attempted to fly to Washington on 24 hours' notice to seek a new basis of agreement. When Secretary of State John Foster Dulles refused this abrupt visitation, Shigemitsu was publicly humiliated.

At another stage, the most powerful figure among Japanese conservatives, Finance Minister Hisato Ichimada, declared he would resign his post rather than present a Japanese budget drawn up in conformity with American ideas.

Prime Minister Ichiro Hatoyama was forced to warn United States Ambassador John Allison that Ichimada's resignation would bring down the cabinet and precipitate the ugliest kind of political crisis in Tokyo. On Allison's frantic plea, Washington's position on Japanese defense policy was then somewhat modified. In this manner, the Hatoyama cabinet was finally enabled to agree on an annual budget for presentation to the Diet.

As these words are written, however, everyone is forecasting that the budget debate in the Diet will be extremely stormy. Above all, the Diet is expected to ring with

furious charges of American intervention in Japanese internal politics and policymaking. And unfortunately these charges will be hard to answer.

Such are the results, such is the really appalling aftermath, of the bargain struck by Secretary of State Dulles when he negotiated the Japanese Peace Treaty and the linked understandings concerning defense problems.

The Dulles bargain was hailed at the time as a brilliant feat. But events have proved that it had two vices, which really should have been discerned at the time by simple, common foresight.

Vice No. 1 was to convince the Japanese that their own defense program was something imposed by America and designed principally to serve American interests. The rule that a national effort must grow up from the nation that makes the effort was lamentably ignored by Secretary Dulles. Japanese divisions were needed to make pretty patterns in the paper games played by the American Chiefs of Staff. That need, essentially a need of American domestic politics, was given first consideration.

Thus today, the much touted Japanese defense effort is still basically a phony. More than 100,000 men are now in training in the self-defense force. But with great numbers of Japanese, including many Japanese conservatives, the program is bitterly unpopular. And because the defense effort does not truly represent the Japanese national will, because it is regarded as something done at America's behest, the value of the new Japanese defense force is at least highly questionable.

The second vice of the Dulles bargain greatly inflames the effects of the first vice. America has not only been entangled in Japanese defense planning. Because of the so-called "defense contribution," America is also automatically entangled, each year, in the process of preparing the Japanese annual budget.

Maybe it lookd like good business to provide that the Japanese would pay the United States \$150 million a year for helping to defend Japan. Maybe it seemed a good way to spur the Japanese to build their own defense force, and so escape the burden of this "contribution."

But the sum involved, while a drop in America's fiscal ocean, is a very large sum indeed in the eyes of Hisato Ichimada and his hard-pressed budget makers. And because of this annual payment, the kind of Japanese-American drama that has just taken place here inevitably occurs whenever Japanese budget making begins. The Dulles bargain provides, in short, for an annual, automatic, unavavoidable row between America and America's most important ally on this side of the Pacific.

To date, to be sure, the results have been just bad, not fatal. Anti-Americanism has been greatly encouraged. The Japanese have been given an excellent excuse for not thinking independently and realistically about their own national problems. But there has been no breach between America and Japan.

On the other hand, the present American policy line on Japanese defense and related problems plays directly into the hands of the astute Chinese Communist diplomats who are working overtime to promote an eventual Japanese-American breach. It is melancholy to contrast American clumsiness with Chinese Communist adroitness.

On the vital China trade issue, for example, the American line seems to have been carefully calculated to infuriate the Japanese, having the same look of heavy-handed intervention in Japanese affairs as our line on defense. The Chinese are taking brilliant advantage of this. While British and other Western trade negotiators are not asked in Peking to deliver embargoed goods, the Communist trade mission now in Japan is

asking for almost nothing except embargoed goods. The idea is being implanted with great skill that only American obstinacy stands between Japan's struggling exporters and great profits in trade with China.

All of which leads to the conclusion which, it is authoritatively understood, has already been presented to Washington by the Embassy here. In brief, it is high time for a radical reexamination of our policies in Japan and our relationship with Japan.

Any such reexamination must lead to voluntary revision of the bargain struck by Secretary Dulles in 1951. The Japanese defense program must cease to be an effort made by contract with the United States. All American pressure on the defense issue must end forthwith. Such irritants as the nonsensical defense contribution must be altogether removed. If possible to reduce the Japanese sense of still being occupied, the American ground forces should be withdrawn from Japan to Korea or elsewhere.

By such steps as these, and only by such steps as these, a wholly new Japanese-American atmosphere can be created. And this is urgent, for if the present poisoned atmosphere persists, the eventual result is going to be a shattering shock to the Washington policymakers who so comfortably take Japan for granted.

Mr. SPARKMAN. Mr. President, Japan's central economic problem lies in its dependence on external commerce. Situated similarly to Great Britain, it must receive from the outside world 20 to 25 percent of its food supplies and a major portion of its raw materials. Before World War II it not only had raw material sources within the limits of its empire, especially Manchuria; it also had a firm trade relationship with mainland China, which during the 1930's consumed 18 to 20 percent of all Japanese exports. Now, deprived of Manchuria, and faced with the control of China by a Communist power, Japan has been experiencing a steady import-export disparity.

In 1953, imports were \$2,410,000,000, and exports \$1,275,000,000, leaving a payments deficit of \$1,135,000,000. Of this amount, \$785 million was shaved off by United States Government and troop disbursements; another \$150 million by miscellaneous receipts, leaving a final deficit for 1953 of around \$200 million. For 1954, due largely to increased trade outside the dollar area, this was expected to drop to within a one hundred to one hundred and fifty million dollar range—a significant improvement, but still a deficit, with long-range consequences for a viable economy.

Trade with the United States has been particularly disparate. In 1953 Japan received one-third of her imports from the United States, largely in the form of grains, cotton, iron ore, phosphates. In the same year, Japanese exports to the United States were only 17 percent of her total export trade. During the first half of 1954, exports to the United States declined 32 percent, while imports gained 50 percent.

It is interesting to note, in passing, that while 1954 imports of Japanese cotton textiles constituted a mere one-half of 1 percent of our total domestic cotton textile production, Japan purchased in 1954 about 25 percent of our raw cotton exports. Interesting, too, is the fact that while total imports of cotton tex-

tiles in 1954 were less than 1 percent of our total domestic cotton textile production, our exports of cotton textiles were 6 percent of our total domestic cotton textile production. One might very well question the wisdom of risking possible reduction in Japanese purchases of our raw cotton for the sake of blocking the small flow of Japanese cotton textiles coming into this country at the present time. One also might query whether, in the world trade picture as a whole, our domestic cotton textile industry, with such a high volume of exports, should not be interested in freeing, rather than restricting trade conditions.

We recognized from the very end of the war the important part Japan could play in giving stability to the western Pacific area—indeed to the whole world—if she could be kept on the side of the free world.

We took it upon ourselves to give to Japan every assistance and every encouragement to regain an economy that would make her self-sustaining and a strong force against Communist encroachment.

We helped her rebuild her industries. One of her prewar industries was textiles. We sent a commission made up of textile experts to Japan to study the problem and to make recommendations for the rehabilitation of her textile industry. One of the foremost textile experts in this country, a large manufacturer of cotton textiles, from my State of Alabama, Mr. Donald Comer, was a member of that commission.

We put Japan back into the textile industry. Naturally she should be able to sell her product. But we insisted that she not sell it in her traditional trade territory—the China mainland. Shall we now close our market to her entirely, or can we afford to continue to take the mere dribble from Japan and sell her in return our cotton?

The figures I have given assume greater significance when considered in the light of other factors in Japanese-American economic relations. We know, for example, that exports by Japan to Communist China have been very small, amounting to only \$18 million in 1953, or 0.4 of 1 percent of total exports as compared with \$278 million to the United States during that same year.

What may not be generally known, however, is that under our foreign assets control law, assets in the United States of individuals or concerns engaging in commerce with Communist China may be frozen at the discretion of the Treasury Department. Similarly, this statute prohibits the importation into the United States of any raw materials from Communist China, or of finished products made from such raw materials.

As an illustration of the comprehensiveness of this provision, I have been told of a recent instance involving 20 cases of Japanese mushrooms which were retained by customs officials, on behalf of the assets control group, until their non-Chinese origin could be proven by the importer.

The vitality of Japan's economy is also affected by the United States military procurement policy.

Upon the advent of the Korean war, the Japanese industry capable of making and supplying military goods underwent a large and rapid expansion. At present there are 126 major industrial establishments capable of producing arms, munitions, and maintenance services of up to \$100 million per year. But whereas during the 1951-54 period the United States purchased through the offshore procurement plan almost \$300 million of products from these companies, orders for the current year are only slightly more than \$12 million.

Moreover, Japanese self-defense forces now consume only about \$35 million of those same products, which, added to United States orders, totals slightly under one-half of full production. Unless steps are taken to find markets for the remaining \$50 million of military products and services, a serious decline in that segment of the economy will take place in the latter part of this year.

What about possible markets for military products apart from procurement by the United States and self-defense forces? Here the problem is not only that most Asian countries are not in the market for this type of commodity, but that United States restrictions on weapons and technical information, presently used and produced by Japanese concerns, prevents those companies from dealing with certain potential Asian customers. The export of such military items is discouraged by our practice of paying for such items in local currency, rather than in dollars, thus removing them from the export category, and from the special Government preferences and allocations to which industries in that category are entitled.

Finally, there is the burden on the Japanese economy resulting from the maintenance of 100,000 self-defense forces, at a current annual cost of about \$220 million, plus the present \$161 million contribution made by Japan for the support of United States Armed Forces stationed within her borders.

From recent press comments one would judge that the United States is endeavoring to persuade the Japanese to increase both the size and the budget of self-defense forces, even though this may necessitate a reduction in Japanese support of United States forces.

Japan, for its part, appears eager to reduce, rather than increase, the present 14-percent proportion of its budget devoted to the armed forces. Premier Hatoyama, whose Democratic Party stoutly campaigned in the recent election on the pledge of restoration of political and economic relations with all nations, insists that if military spending is not reduced his Government will be unable to fulfill election pledges of new housing. If this should happen, it is the Premier's contention that the Socialists will become the majority party, thereby endangering the defense system so carefully established by the United States.

All of these facets of the Japanese economic situation, Mr. President, are related to H. R. 1, as well as to the broader aspects of American policy toward that important country.

They call, of course, for an orchestration of means and ends which I think is

absent from official planning at the present time.

At the very least they call for our approval of H. R. 1, by which Japan can be helped to secure the markets for her products, to which she is not only entitled, but to which she must have access if she is to continue to survive as a free nation.

I understand that there is at present in Japan a Communist Chinese trade mission. It is reported that this group is seeking agreements on a wide variety of goods, particularly those which are included in the embargo on trade with Communist countries.

These Chinese Communist traders, the report continues, are skillfully manipulating the theme that only American dominance and American control prevent such trade relations from being consummated. This is, indeed, not the time to let such a patently false idea gain currency through any default of our own. H. R. 1 may not be the final answer, but it is a partial step toward helping Japan to satisfy her trading needs within the free world.

Mr. President, I have discussed today the importance of basing our decisions on trade policy on the good of the Nation, rather than on the good of particular interests. I have stressed the benefits of reciprocal reductions in trade barriers to our own economy. Finally, I have emphasized the importance of H. R. 1 in relation to our worldwide economic, political, and military relationships, with particular reference to the country of Japan.

Here, my countrymen—

In the words of Alexander Hamilton to an earlier age—

impelled by every motive that ought to influence an enlightened people, let us make a firm stand for our safety, our tranquillity, our dignity, and our reputation.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point, as a part of my remarks, a brief but very clear and pointed editorial published in the Washington Daily News of today.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FOR RECIPROCAL TRADE

"The United States has an ever-growing surplus of the products of our farms and factories which must find markets abroad," reads one of the first sentences in the report of the Senate Finance Committee recommending extension of the Reciprocal Trade Agreements Act.

And that is precisely what the high-tariff lobbyists have ignored in their strenuous efforts to persuade Congress to erect barriers against international trade.

They have tried to alarm practically every industrial community in the land about the largely mythical dangers of competition from abroad. But they never get around to mentioning that every dollar we spend for imported goods comes back to us in payment for American products, and that the primary reason we can't sell more goods to foreigners is their lack of dollars.

Chairman HARRY BYRD, Democrat, of Virginia, and the other members of the committee—with the exception of Senator MALONE, Republican, of Nevada, and Senator KERR, Democrat, of Oklahoma—wisely recognized the facts of the situation and

have submitted a report favoring extension of the Trade Act, as President Eisenhower had recommended.

Prospects seem good for a favorable vote, and that is as it should be.

This is no time for the United States to make even a gesture against economic cooperation among the free nations of the world. Extension of the Reciprocal Trade Act will stand as evidence of our sincerity in this field, and our wisdom as well. For sound trade, now as always, benefits all parties to it.

Mr. SYMINGTON. Mr. President, I rise to support H. R. 1, and to congratulate the distinguished and able chairman of the Finance Committee, and the committee itself, for the accomplishments expressed in this bill.

As we all know, trade is the channel through which the benefits of free enterprise flow.

Through trade, the products of our farms, factories, and service industries move from producers to consumers.

The American standard of living is based upon trade. As trade ebbs and flows, so does the employment of our labor, our farmers, our management, and our capital goods.

Obviously areas with the least trade have the lowest standards of living; and are therefore more susceptible to the inroads of communism.

Approximately 25 percent of all goods exported, come from the United States, although our population is but 6 percent of the population of the world.

Fortunately, America is also the world's leading importer. Otherwise, we would be giving away our wealth, because imports are the way we obtain payments for our exports.

It is true that we do give some of our wealth to others. For example, not counting military supplies and services, this country last year gave foreign aid amounting to four-tenths of 1 percent of the country's total production.

That, of course, was not trade. We hope, however, that such gifts will bring the world dividends in peace and freedom.

It is, of course, desirable to have free movement of goods and services between countries. But some of our industries are conditioned to tariff protection.

There can be no universal across-the-board policy of raising tariffs, or lowering tariffs; or freezing tariffs at their present rates.

Each industry, and in some cases certain individual products, should be studied carefully from the standpoint of tariff protection.

Some people repeatedly point out that the United States is a low-tariff country, with an average rate of but 12 percent on dutiable items.

But this figure is about as meaningless as the compilation of the average sales price of goods on a grocer's shelf; because such discussion of averages tends to obscure the fact that our tariff protection ranges from zero on many commodities to as high as 200 percent on others.

Whether these varied rates are proper depends upon the individual facts in each case; and it is only right that a procedure be established for changing rates based on changing conditions.

As I understand it, that is one of the features of this reciprocal trade-agreements program, within the range of change authorized by law.

There are also cases where possible heavy additional unemployment requires careful analysis before any changes are made.

Several segments of the economy obtain advantages from increased imports into the United States. They include most producers, and ultimate consumers, who thereby obtain commodities in greater quantity and at more competitive prices.

Exporters also benefit, because dollar purchasing power is thereby created in foreign lands, and used, in turn, to buy more of our goods.

There are some companies in the United States which cannot increase their efficiency, and therefore, cannot meet foreign competition. Fortunately, however, their number is small.

We would not be the greatest exporting country in the world if we could not, in most instances, undersell foreign competition.

Nor could we have history's highest wage rates, and highest standard of living, if our productive efficiency did not surpass that of all other countries.

Representatives of some industries stress the fact that foreign countries have lower wages. That is true.

With that premise, those representatives of these industries seek higher tariffs.

But wage rates are not the same as labor costs per unit of output. American industry can outproduce and outsell all other countries in practically every commodity where large-scale production methods and skilled organization are the determining factor.

The State of Missouri has a wide range of economic activities, along with 4 million consumers. What might help one Missouri business, however, might damage another.

As I see it, therefore, one should weigh all the effects of any particular tariff proposal; and then try to come up with whatever decision is best for all the people.

As example, a tariff request backed up by proof that the application in question would contribute to the defense of the United States should be approved. Anything which strengthens our national defense is vital to the interests of us all.

When the bill extending the Reciprocal Trade Agreements Act came before the Congress last year, I submitted an amendment to prevent any decrease in the tariff rate on a particular commodity when the President found that such a reduction would threaten the domestic production of that commodity in the quantity needed for national defense requirements.

Last January I wrote the Secretary of State, asking what procedures and criteria had been established to administer that section of the law which dealt with these defense requirements.

Mr. President, I ask that at this point in my remarks copies of my correspondence with the State Department be made a part of the RECORD.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

JANUARY 26, 1955.

The Honorable JOHN F. DULLES,

Secretary of State,

Department of State,

Washington, D. C.

DEAR MR. SECRETARY: When the Reciprocal Trade Agreements Act was extended last session, an amendment was included, providing that national-defense requirements tests be applied. The language of this amendment reads as follows:

"No action shall be taken pursuant to such section 350 to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements."

Currently, consideration is being given to further expansion of this act, giving certain authority to the President in regard to tariff changes. Having sponsored the amendment just quoted, I am particularly interested in being advised of the procedures and the criteria which have been set up to administer the language and intent of this provision. It would also be helpful to me to know just what actions, if any, have been taken in the use of such procedures and criteria.

I would appreciate your arranging to have the above-mentioned information given to me at the earliest convenience.

Sincerely,

STUART SYMINGTON.

DEPARTMENT OF STATE,

Washington, February 2, 1955.

The Honorable STUART SYMINGTON,

United States Senate.

DEAR SENATOR SYMINGTON: Reference is made to your letter of January 26, 1955, requesting information on the procedures and criteria set up to administer the language and intent of section 2 of the Trade Agreements Extension Act of 1954, which provides that no action should be taken under the authority of section 350 of the Tariff Act of 1930 to decrease the duty on any article where the President finds that such reduction threatens domestic production needed for projected national defense requirements.

Your interest in this matter is appreciated and the requested information will be sent to you soon.

Sincerely yours,

THRUSTON B. MORTON,

Assistant Secretary

(For the Acting Secretary of State).

MARCH 4, 1955.

The Honorable JOHN F. DULLES,

Secretary of State,

Department of State, Washington, D. C.

DEAR MR. SECRETARY: Under date of January 26, 1955, I wrote you to learn of the procedures and criteria which have been set up to administer the language and intent of the amendment I introduced last year to the Reciprocal Trade Agreements Act.

Enclosed is a copy of my January 26 letter for your ready reference.

I was advised by letter of February 2, 1955, from your Department that a reply was in preparation. It is the purpose of this letter to suggest the timeliness of such reply from you as soon as appropriate information can be assembled.

Sincerely,

STUART SYMINGTON.

DEPARTMENT OF STATE,

Washington, March 10, 1955.

The Honorable STUART SYMINGTON,

United States Senate.

DEAR SENATOR SYMINGTON: Further reference is made to your letter of January 26, 1955, requesting information on the proce-

dures and criteria set up to administer the intent of section 2 of the Trade Agreements Extension Act of 1954, which provides that no action should be taken under the authority of section 350 of the Tariff Act of 1930 to decrease the duty on any article where the President finds that such reduction threatens domestic production needed for projected national defense requirements. Your letter of March 4 is also acknowledged. It is regretted that preparation and clearance of this reply involved so much delay.

In a memorandum dated October 5, 1954, to the Chairman of the Interdepartmental Committee on Trade Agreements, the President asked that Committee to provide him with appropriate information and advice in order to enable him to make the appropriate determination under section 2 of Public Law 464. He asked, in addition, that the Chairman of that Committee take appropriate measures to keep the Office of Defense Mobilization informed of any serious problems which may from time to time arise in connection with this provision of the act.

In compliance with the President's request, the Chairman of the Committee proposed to the Director of the Office of Defense Mobilization that the following procedure be followed:

1. The Department of Defense member of the Trade Agreements Committee would inform the Director of the Office of Defense Mobilization if in his opinion serious problems were involved by reason of the applicability of section 2 of Public Law 464.

2. In addition, when the trade-agreements committee published a list of products to be considered for possible tariff concessions, a copy would be sent to the Director.

3. Whenever the Director might desire to bring to the attention of the committee any matters relating to section 2 of Public Law 464, the committee would be glad to receive his views.

The Director of the Office of Defense Mobilization informed the chairman of the trade-agreements committee of his agreement with the procedure outlined above and confirmed with the Department of Defense the liaison function of the defense member of the committee. He added that it was clear that in those rare instances where a difference of view within the trade-agreements committee could not be resolved and was referred to the President for his information, the Office of Defense Mobilization might be called upon to provide additional advice and information on the policy questions involved. He recognized that the procedure outlined by the chairman would not preclude calling on the Office of Defense Mobilization for this purpose.

In addition to establishing the foregoing procedures, the chairman of the committee specifically reminded the members of the committee of their standing obligations, under the Executive order governing operation of the committee, to report to the President their reasons for dissent from any recommendation of the committee. Should any member deem a recommendation of the committee to threaten domestic production needed for projected national-defense requirements, it would consequently be his responsibility to furnish a full report of his views to the President, giving reasons for such a dissent.

The first occasion to utilize these procedures arose when the trade-agreements committee in November 1954 published a list of products to be considered for possible tariff concessions in the forthcoming tariff negotiations involving Japan. In accordance with item 2 of the procedure, a copy of the list was immediately sent to the Director of the Office of Defense Mobilization.

The oral and written statements received from the public by the committee for reciprocity information and the Tariff Commis-

sion, as a result of the hearings which they held in December in preparation for these negotiations, included in a number of instances the claim that a tariff concession on a particular product would threaten domestic production needed for projected national defense requirements or would otherwise impair the Nation's defense capabilities. The chairman of the trade-agreements committee sent to the Director of the Office of Defense Mobilization a complete list of industries and industrial groups making such claims, the products involved, and in most instances, a brief summary of the information and views offered in support of the claim. The Director was invited to examine the full text of the written statements or oral testimony on any or all of such claims.

In discharge of the responsibility of the Department of Defense under item 1 of the procedure outlined above, its member on the trade-agreements committee has informed the Office of Defense Mobilization of all instances in which he believed, after examining all relevant facts and opinions, that any problem might be involved by reason of the applicability of section 2 of Public Law 464. In arriving at his views, the Department of Defense member has called on experts within that Department for technical information and advice. The Department of Defense member brought to the attention of the trade-agreements committee those products on which it appeared that action to reduce the duty would threaten domestic production needed for projected national defense requirements. In this way, the committee is given the guidance needed to assure that it avoids recommending to the President any offer of a concession which would threaten domestic production needed for projected national-defense requirements.

Sincerely yours,

THRUSTON B. MORTON,
Assistant Secretary
(For the Secretary of State).

Mr. SYMINGTON. Mr. President, after receiving these replies from the Department of State, it was suggested to the distinguished chairman of the Senate Finance Committee that it might be desirable to strengthen this section by directing the President to prepare and issue criteria, and to make specific findings based on such criteria, in each instance where defense requirements were involved.

At this point I would like to place in the RECORD my letter to the chairman of March 22 last, and to acknowledge with appreciation his gracious reply.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARCH 22, 1955.

HON. HARRY FLOOD BYRD,
Chairman, Finance Committee,
United States Senate,
Washington, D. C.

DEAR MR. CHAIRMAN: Last year, I submitted an amendment to H. R. 9474, the bill to extend the Trade Agreements Authority under section 350 of the Tariff Act of 1930, as amended.

The amendment went to conference of the Senate and the House. The language, as passed, is as follows:

"SEC. 2. No action shall be taken pursuant to such section 350 to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements."

On January 26 of this year, I wrote the Secretary of State asking what procedures and criteria had been established to administer that section of the law. (See attached copy.)

Having received only an acknowledgment of my January 26 letter, I repeated my request to the Secretary of State on March 4. (See attached copy.)

Under date of March 10, I received a letter from Assistant Secretary Morton, replying to my previous letters. (The former is attached.)

As will be noted from the above-referred-to letter of March 10, a somewhat voluntary and loose procedure has been established, which permits, but does not require, that section 2 of the act, or the clear intent of Congress, be administered effectively.

Could not the failure of the State Department's letter to reply to the specific inquiry be interpreted to mean that no criteria have been set up to administer this section.

Accordingly, it would appear that legislative action may be the only way to stipulate that the President make findings and give appropriate consideration to such findings in respect to the effects of tariff reductions upon domestic production of articles needed for projected national defense requirements.

I submit, therefore, for your consideration the necessity for not only including section 2 as presently written but for adding an additional paragraph to that section, as follows:

"To implement the preceding paragraph of this section, the President shall prepare and issue criteria to be applied in making the required findings. In each instance of a tariff reduction under section 350 of the Tariff Act of 1930, as amended, the President must make a specific finding under such criteria prior to any change in the tariff duty."

I would deeply appreciate your giving consideration to this proposal, and would be very glad to discuss it with you further any time at your convenience.

Sincerely,

STUART SYMINGTON.

Mr. SYMINGTON. Mr. President, this defense amendment of last year has been retained by the committee, and a subsection added. The latter places full responsibility upon the President for any adjustment of imports which are important to our national security.

It would be difficult to gage the effect increased imports would have on increased unemployment, just as it would also be difficult to gage the increase in employment which would result from increased exports.

From figures obtained, however, it appears that any possible increase in imports resulting from the President's utilization of his authority under this bill would have little if any effect upon unemployment. In fact, the Randall Commission estimated that an across-the-board reduction of 50 percent in our tariffs would result in an increase in unemployment of less than 1 percent of the total labor force in the United States.

The pending bill concerns itself primarily with a maximum permissible decrease of 15 percent in individual rates; and this is over a 3-year period.

Nor did the Randall Commission study take into account any new product developments, or the development of more efficiency in the industries concerned.

Any action which results in unemployment is a very serious matter indeed to those who become unemployed. Accordingly, one factor which should be given weight in the administration of both the peril-point clause, and the escape clause, is what any decision does to employment.

We all know, however, that in this type of economy most unemployment develops for reasons completely unrelated to the question of imports.

In that tariffs ultimately become a price burden on consumers, they should be avoided when possible and the unemployment issue should be handled directly.

In this Reciprocal Trade Agreements Act, tariff reduction possibilities are relatively limited.

Any reduction in duties is in itself permissive; and the maximum amount of permitted decrease is relatively slight.

There seems to have been much public misunderstanding on this point. Based on our mail, apparently many persons believe the proposed legislation would permit a tariff duty of 20 percent to be reduced, over a 3-year period, to 5 percent.

As has already been pointed out by other Senators, however, if a tariff duty were 20 percent, and the President elected to reduce that duty the maximum allowed in any one year, the reduction would be 5 percent of 20 percent, or 1 percent. Hence a 20 percent rate would become 19 percent.

It is, indeed, a rare situation in the United States if such a slight reduction in tariff duty could have the devastating effects some advertise. One should have more confidence in the ingenuity and efficiency of American industry.

I believe in the reciprocal trade-agreement approach to tariff adjustments. But that does not mean favoring any giveaway approach; nor does it mean that all negotiations should be turned over to any group unilaterally committed to free trade.

Every time a representative of the United States sits down to discuss tariffs with representatives of foreign countries, hard-headed bargaining should characterize the proceedings.

In addition to obtaining tariff understandings which are so needed by our export industries and our farmers, those meetings should emphasize the importance of lessening exchange controls and various other devices which are now being utilized against American products.

In the improved trading atmosphere which H. R. 1 should create, much of our agricultural surpluses can and should be disposed of.

This result also would be accomplished by businesslike bargaining at the tariff table. In fact, the taxpayer has the right to expect the same trading approach from his Government that the stockholder expects from his management.

In reporting the bill, apparently the committee has made some modifications, some of which might not have been decided upon under ideal conditions. But the advantages of the bill far outweigh any possible defects.

When H. R. 1 becomes law, its administration should be watched with care, particularly with respect to the defense aspects and the escape clause. I am confident that will be done, because on February 17 last, in referring to H. R. 1, the President said, "No American industry will be placed in jeopardy by the administration of this measure."

It is for these reasons, Mr. President, that I recommend the passage of the proposed legislation.

Mr. CARLSON. Mr. President, as a member of the Senate Finance Committee, it was my privilege to attend most of the open and executive sessions of the committee in their consideration of H. R. 1.

I can honestly state that I know of no proposed legislation that has received more thorough consideration by the committee than has this measure dealing with the extension of the reciprocal trade agreement.

The sessions, both open and executive, lasted approximately 8 weeks. During that period of time, we heard representatives of the Tariff Commission, representatives of the various Government agencies who are vitally concerned with this program, as well as witnesses representing all phases of industry, agriculture and labor.

In our executive sessions, we had the benefit of the advice and counsel of the State Department and our own staff members. Their help and counsel were invaluable.

In an issue that is so far reaching and involved as is the reciprocal trade agreement program, there is bound to be a great divergency of opinion. I think it is to the credit of our committee that, after weeks of executive sessions, we were able to report to the Senate a bill by an almost unanimous vote. This, of course, does not mean that there were not closely-divided views on many amendments which were adopted.

Our committee is especially indebted to the skillful handling of this bill before the committee by the distinguished senior Senator from Virginia [Mr. BYRD] and the ranking Republican Member, the senior Senator from Colorado [Mr. MILLIKIN]. These Senators have spent years studying this problem and are thoroughly conversant with every phase of it.

The report of the Senate Finance Committee on this bill and the debate have, in my opinion, clarified and expressed very definitely the congressional intent.

I wish to discuss two phases of this proposed legislation that are of special interest to the people of my State.

First, I desire to discuss reciprocal trade agreements from an agricultural standpoint. I feel it is imperative and in the best interests of the farmers, as well as in our national interest, that we provide for an expansion of international trade.

I do not wish to discuss the value of agriculture exports merely from the standpoint of agriculture itself, but from a broader viewpoint—the national interest. Everyone must realize the best customer for the American farmer is, after all, the American consumer; that is, the United States domestic market. On the other hand, it is our surpluses which we need to market outside the United States that largely restrict the income of the American producer on his total production.

The total value of our farm exports has increased from the July-December period each year since 1952. In July-

December 1953, our farm exports were \$29 million more than in the same months of 1952. During the last 6 months of 1954 the dollar value of our farm exports was up more than \$100 million over the 1953 level, reaching \$1,582 million.

In the last session of Congress, we passed Public Law 480, through which our Government is continuing to move farm surpluses into foreign countries. This program is well underway, and the Department of Agriculture is entitled to much credit for the increased exports of a number of commodities.

The importance of the export market can be somewhat visualized when we realize that we exported last year the amount of raw cotton grown on over 6 million acres; that is, almost one-third of the entire cotton crop harvested last year. In that year we exported wheat grain and wheat flour from the equivalent of more than 14 million acres of wheat. This quantity of wheat exported totaled almost 26½ percent of the total wheat acreage harvested in the United States last year.

In the case of tobacco, we exported the equivalent of almost 1 acre out of every 4 harvested. In the case of rice, the 1954 exports represented almost 22 percent of the acres harvested.

In addition to this, we exported sizable quantities of many of these commodities in processed form.

These figures demonstrate that we must not in any way impair the effectiveness not only of the present trade policy but we must not enact any legislation which would endanger the exports of agricultural and industrial products.

The American farmer has demonstrated his ability to produce not only for domestic needs but also in a volume that requires export markets. In order to maintain a prosperous agriculture, we need export markets of at least \$4 billion a year at present prices.

We have the capacity to supply an even larger foreign demand. At the present time, through our price-support programs, we have accumulated more than \$6½ billion worth of surpluses of agricultural commodities. We have accumulated these surpluses despite production controls on basic commodities of wheat, cotton, corn, peanuts, tobacco, and rice.

Agriculture must be given its fair share of the export market if we are to have a prosperous agriculture and a sound domestic economy.

Mr. President, I now wish to discuss a problem before our committee which is of great concern to the citizens of Kansas, and of course to the Nation generally, and that is the ever increasing amount of oil imports.

This problem has been of growing concern to not only the oil industry, but to our citizens generally, for the past 10 years.

It was only a few years ago that oil imports were at a figure of around 300,000 barrels daily, while figures for the first quarter of 1954 were at a daily average of 1,102,000. For the first quarter of 1955, the daily average was 1,328,000 barrels, or an increase of 20½ percent.

The oil imports had increased so consistently and so rapidly that the President, on July 30, 1954—last year—established an Advisory Committee on Energy Supplies and Resources Policy. The Director of Defense Mobilization was designated as Chairman, and the heads of the following agencies served as members: Departments of State, Treasury, Defense, Justice, Interior, Commerce, and Labor. This committee was directed by the President to evaluate all the factors pertaining to the continued development of energy supplies and resources fuels in the United States, keeping in mind not only our national economy, but national defense.

The Advisory Committee reported to the President shortly before we began our hearings on H. R. 1. The Advisory Committee makes the following statement in its report:

The committee believes that if the imports of crude and residual oils should exceed significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense. There would be an inadequate incentive for exploration and the discovery of new sources of supply.

In view of the foregoing, the committee concludes that in the interest of national defense imports should be kept in the balance recommended above. It is highly desirable that this be done by voluntary, individual action of those who are importing or those who become importers of crude or residual oil. The committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention.

The committee recommends, however, that if in the future the imports of crude oil and residual fuel oils exceed significantly the respective proportions that such imported oils bore to domestic production of crude oil in 1954, appropriate action should be taken.

During the hearings before the Senate Finance Committee on the extension of the Reciprocal Trade Agreements Act, we heard much testimony urging the limitation of oil imports to 10 percent. As a matter of fact, the distinguished junior Senator from West Virginia [Mr. NEELY] and several other Senators, including the junior Senator from Kansas, cosponsored such a proposal.

I did this because it was my conviction that petroleum imports were excessive and that they constituted a definite threat to the welfare of a great domestic industry to my State, and, what is more serious, to the security of our Nation.

If the trade-agreements program is to continue to justify the support that it has previously had, it must be realistic and demonstrate that it is capable of being administered in such a way as to give recognition to conditions which might lead to undermining the security of our country.

I feel that sufficient recognition of some problems has not heretofore been given in the administration of this program. I, therefore, came to the conclusion that specific legislation was indicated, not only to protect the industries concerned and the security of our coun-

try, but also to insure the maintenance of the trade-agreements program itself.

I believe that a majority of the Members of this body have reached a similar conclusion. I further believe that the administrative agencies charged with this responsibility have themselves recognized the problem.

The proposal I was supporting for specific treatment as to oil was made necessary because of lack of any effort to restrict the excessive importation of oil, coupled with the potential power to increase imports of oil to such an extent that they could destroy the domestic petroleum industry and render our country dependent on uncertain sources of oil to sustain our expanding economy as well as our security.

I now know that this situation is recognized in the highest places in our Government. The Senate Finance Committee, in approving H. R. 1, specifically recognized the problem and inserted in its report a portion of the report of the President's Advisory Committee on Energy Supplies and Resources which had been submitted by the White House. In addition, the committee added section 7 delegating to the President specific authority to act with relation to the restriction of imports of certain commodities, which I understand to include petroleum. Under this provision the Director of Defense Mobilization, when he has reason to believe that any article is being imported in such quantities as to threaten or impair the national security, may so advise the President. Then, if the President agrees, he may cause an investigation to be made and, if the investigation supports the findings of the Director, the President is required to take such action as he deems necessary to adjust the imports of such article to a level which will not threaten to impair the national security.

As a member of the Finance Committee, I supported this proposal as a substitute for various amendments providing limitations upon the importation of specific commodities, one of which amendments was the one which I had supported in regard to petroleum. I supported the proposal adopted by the committee because I was assured by those in the administration responsible for the administration of the trade-agreements program that if such amendment were adopted by the committee and by Congress action would immediately follow, and that imports of petroleum and its products would be definitely restricted.

I was further assured that such restriction would be based upon the study previously made, to which reference was made by the committee; that the basis of the limitation would be in accordance with the recommendation of that study. This study indicated the necessity of limiting imports of petroleum and its products to an amount and in the relative position of the imports of petroleum in 1954 as related to domestic production of crude oil in 1954.

I was further assured that the Director of Defense Mobilization would take the action indicated as necessary to adjust imports of petroleum and its products to the level and relationship of 1954.

It is my judgment that, if these assurances can be supported by such further evidence as this body may think proper, we can all rely upon these assurances and that the importation of petroleum and its products will forthwith be limited to a relationship to our domestic production and in an amount equal to the 1954 position.

Since the report of the Finance Committee, I have further explored this situation with administrative agencies charged with the responsibility for the application of this program, and I can say to the Senate that again I have complete assurance of compliance of these agencies with the direction set forth in that amendment.

Based on these assurances, I heartily support the report of the Finance Committee.

During the executive sessions much consideration was given to the limitation of oil imports and the limitation of other imports on a percentage or quota basis. After literally days of discussion and thought, the committee wrote in a general amendment dealing with these commodities. There can be no doubt in my mind as to the intent of the committee, nor, do I believe, as to the intent of the Senate in regard to limiting the oil imports to the average daily imports of the year 1954, based on the report of the President's Commission on Energy Supplies and Resources Policy.

I can assure the Senate that I would not have agreed to the amendment in H. R. 1, dealing with imports of commodities which are of national defense interest, had I not been assured that it would be the policy of those who administer the act to follow the intent of those who participated in preparing the report of the Advisory Committee.

I think it is interesting to note that on April 18 Secretary of the Interior Douglas McKay, who was a member of the President's Advisory Committee, stated in a speech at Mount Vernon, Ill., in referring to the question of oil imports, that he not only approved the committee's recommendations but also stated:

To state it simply, it means that appropriate governmental action should be taken if the importers do not voluntarily hold down the rate of imports in proportion to the 1954 level.

I think, as the senior Senator from Colorado [Mr. MILLIKIN], the ranking minority member of the Senate Finance Committee, stated yesterday, that we expect those in authority to administer this program on the basis of a limitation of imports; and if it develops, and we find that the program is not being so administered, then it will become the duty of the Senate Finance Committee, the House Ways and Means Committee, or individual Senators or Members of Congress to demand full compliance with this intent.

Mr. ANDERSON. Mr. President, will the Senator from Kansas yield to me briefly?

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Does the Senator from Kansas yield to the Senator from New Mexico?

Mr. CARLSON. I shall be most pleased to yield, provided I do not lose the floor.

Mr. ANDERSON. As the Senator from Kansas knows, some oil is produced in my State, and the oil producers there are very anxious about this question of oil imports. At the same time I value the stand and the opinion of the Senator from Kansas very highly. Does he feel that the oil producers of my State would be justified in taking the assurances given as guaranties that the oil industry is not going to be disrupted by unusual and devastating amounts of oil imports?

Mr. CARLSON. I am pleased to state to the distinguished Senator from New Mexico, who always follows closely the interests of not only the people of his own State, but of the people of the Nation, that had I not believed that the amendment we approved in committee, which was recommended by a very substantial vote, would protect the oil industry from ever-increasing imports, I certainly would not have voted to report the bill to the Senate, and I certainly would not be on the floor today stating I favored it and would vote for it.

Mr. ANDERSON. I appreciate the statement of the Senator from Kansas, in whose State there have been oil operations of long standing. Some of us were somewhat worried by the situation, so far as reducing importations of fuel oil was concerned, because we felt it was crude oil which was causing a great deal of the trouble. At the same time, if there is only one amendment before the Senate, the easy and natural thing is to vote for the amendment, if it is in the interest and welfare of one's own State. With the proposal in the present language, I should like to ask the Senator from Kansas, for whom I have great respect, if he feels that, along with other Senators who come from oil-producing States, we are doing all we can be expected to do if we vote for this type of amendment.

Mr. CARLSON. I will say to the Senator from New Mexico that I believe that this amendment will establish a standard on which we can rely; that it will limit oil imports, as recommended by the Advisory Committee on Energy Supplies and Resources Policy, to 13.6, and we expect that recommendation to be carried out.

Mr. ANDERSON. I thank the Senator from Kansas for that information. It is reassuring to me.

Mr. DANIEL. Mr. President, will the Senator from Kansas yield?

Mr. CARLSON. I yield to the Senator from Texas.

Mr. DANIEL. The Senator from Kansas is aware of the situation in the State of Texas. Today we are restricting production of oil in our State to only 16 days a month. Our production has been cut back to 16 days a month, partly because of excessive oil imports. Then, as the Senator knows, the wells in our State are permitted to produce an average of only 20 barrels a day. It is true that we have a great oil industry, and that industry furnishes the main portion of our tax revenues; but the Senator from Kansas knows that when the production

of that great industry is cut down to a total of 20 barrels a day, and only 16 days production a month, not only does the industry suffer, but, likewise, the State and all the local taxing agencies suffer, because of the loss of revenues which otherwise would be collected from the production of oil. Is that not true?

Mr. CARLSON. I wish to state to the Senator from Texas I have noted some figures on production, and I believe they are correct. During the month of May, Texas was cut back to 208,000 barrels a day; Oklahoma was cut to 20,000 barrels a day; Kansas was cut to 25,000 barrels a day. In addition to production cuts, the Senator well knows of other restrictions during the past years. I would say the problem is of great concern, not only to our States, but to the Nation as a whole.

Mr. DANIEL. That was the next point I was about to make. Not only is it of great concern to our States and to the independent oil industry, but it is of national concern if we are to believe the President's Advisory Committee on Energy Supplies and Resources Policy, and I certainly do believe them. If imports are allowed to exceed the ratio they bore to market demand or production in 1954, the national security would be endangered. Is that not correct?

Mr. CARLSON. I thoroughly agree with the distinguished Senator from Texas. It was for that reason that the junior Senator from Kansas and the junior Senator from Texas and many other Senators cosponsored an amendment making the limit 10 percent. I say very honestly and sincerely, had it not been that I was satisfied with the amendment adopted by the committee, after days and days of hard work and conferences, I would still have supported a limitation on oil imports of 10 percent.

Mr. DANIEL. Is it not true that the independents in the industry are the ones who are most seriously hurt by excessive oil imports, because of the fact that the major oil companies which operate in this country have foreign supplies of oil, which they can bring to this country and use. The independents in the industry do not own foreign oil. Their only production is domestic, and that production is being reduced because of excessive imports. They are the ones who are hurt by excessive oil imports. Does the Senator agree with that statement?

Mr. CARLSON. I agree with that statement. By the last order, flush production was cut to 25 barrels a day in Kansas, and other production was cut 10 percent, based on March runs. That is what hurt the independent oil producers. There can be no question about that.

Mr. DANIEL. The national security requires that the independents form a progressive and important part of the oil industry, because they are the main ones who explore for new oil reserves. Is that not true?

Mr. CARLSON. That is correct. It is the independent oil producer, the wildcatter, who goes forth and looks for oil.

Mr. DANIEL. Why should the major oil companies explore for new oil and

develop new reserves owned by them at home, when they have so much oil in the Far East and other foreign countries? In other words, they do not have the same incentive to discover and develop new oil reserves in our country that the independents have. Is that correct?

Mr. CARLSON. That is an accurate statement.

Mr. DANIEL. In addition to what the President's Advisory Committee on Energy Supplies and Resources Policy reported, I ask the Senator if there was other evidence before the committee which indicated the injury that would be suffered by our Nation and its national defense and security if oil imports exceeded the 1954 ratio between imports and market demand?

Mr. CARLSON. Yes. There was much testimony both from witnesses who favored importation of oil—importation in large quantities—and from those who were opposed to all imports of oil. There is no question that excess importation will affect not only our national defense, but our economy, and it is important that we have an economy that is thriving and growing.

Mr. DANIEL. Based on that evidence, is it the Senator's understanding that if oil imports should exceed the 1954 ratio, there would be injury to our national security?

Mr. CARLSON. There can be no question about that.

Mr. DANIEL. Was there any reason why the committee included the amendment at all, if the committee did not feel that the national security would suffer if oil imports were in excess of the 1954 ratio?

Mr. CARLSON. As I said earlier in my remarks, the Finance Committee spent much time on this amendment and on other amendments dealing with quota imports and their effect on the national defense. We were seriously concerned about the matter. For that reason, we have assurances that those administering the act will act in accordance with the proposals submitted by the President's Advisory Committee on Energy Supplies and Resources Policy and the evidence submitted to our committee. I have no doubt of it.

Mr. DANIEL. As a member of the committee, is it the opinion of the Senator from Kansas that a majority of the committee, which supported the amendment, intended that the necessary action be taken to keep imports from exceeding the 1954 ratio, which has been interpreted by the President's advisory committee as the ratio beyond which injury would be done to the national security?

Mr. CARLSON. One reason why I say that is very definitely the opinion of the committee, or at least the intent of the committee, is the fact that the chairman of the Finance Committee included in the report of the committee a part of the Advisory Committee's report, which, after all, in my opinion, gives the intent of the Finance Committee.

Mr. DANIEL. Yes. I was particularly impressed by what the Senator from Kansas has said in the course of his able address today to the effect that he has

received from administrative officials assurances that they will enforce this provision and will see to it that imports are not allowed to damage the national security.

Mr. CARLSON. Of course, I would say—and I think it was mentioned yesterday by the distinguished Senator from Colorado—we expect the administrative agencies to carry out the intent of the Senate and of the Finance Committee; and I feel confident they will do so. In fact, I think I can say we had definite assurances that they intend to do so.

Mr. DANIEL. A moment ago I understood the Senator from Kansas to say that, as a member of the committee, he has received such assurances.

Mr. CARLSON. I have.

Mr. DANIEL. I wish to say that I, also have today received such assurances. However, I think it is more important for us to consider the assurances made to the Senator from Kansas, who is a member of the Finance Committee. Further, he is a coauthor of the Neely amendment. Is that correct?

Mr. CARLSON. That is correct.

Mr. DANIEL. Since the Senator from Kansas was an original coauthor of the Neely amendment, I think his statement as to what the administrative official will do with the committee substitute for the Neely amendment is very important.

As I understand it, the President's advisory committee which wrote the Fleming report recommended that if, imports of crude oil exceed the 1954 ratio between imports and production—I believe they used the word "production" rather than the words "market demands"—appropriate action should be taken to limit the imports. That portion of the Fleming report on oil imports is contained in the report of the Finance Committee; is it not?

Mr. CARLSON. That is correct. In my statement to the Senate, just before this interrogation by the distinguished Senator from Texas, I read a statement and an excerpt from a speech by the Secretary of the Interior, Douglas McKay, who was a member of the President's advisory committee. I shall read it again; this is a quotation from the statement he gave on April 18, at Mount Vernon, Ill., when he was speaking of the report of the Advisory Committee:

To state it simply, it means that appropriate governmental action should be taken if the importers do not voluntarily hold down the rate of imports in proportion to the 1954 level.

I do not see how anything could be any plainer than that.

Mr. DANIEL. I certainly agree with what the Senator from Kansas has said; it seems plain to me. I simply wanted to have assurance from the Senator from Kansas, who, throughout the hearings, served on the Finance Committee and heard the evidence. I wished to be sure that he understands the matter as I understand it. I refer to the reports of the danger to national security which already have been made, and to the statements that administrative officials feel they can stop the threat to our national security under the provision the

Finance Committee has written into the bill.

Mr. CARLSON. I wish to say to the distinguished junior Senator from Texas that, insofar as the junior Senator from Kansas is concerned, this colloquy at least interprets the congressional intent, including the intent of the Finance Committee, as I interpret it, as a result of my attendance at the hearings—and I attended most of them. I feel confident that this situation can be taken care of on the basis of the recommendations of the President's Advisory Committee on Energy Supplies and Resources Policy.

Mr. DANIEL. I hope that action will be taken, and I am sure the Senator from Kansas will be one of the first to support enactment of a stronger provision requiring the reduction of excessive oil imports, if the administrative officials fail to carry out the intent of the amendment.

Mr. CARLSON. There is no question about that.

Mr. DANIEL. Does the Senator from Kansas understand that after the Cabinet report was issued, administrative officials expressed themselves to importing companies as feeling that the recommendations of the Cabinet committee should be followed, and that the importing companies should voluntarily cut their imports to the 1954 ratio?

Mr. CARLSON. I think that is a very fair statement. As a matter of fact, during the hearings, when we had before us some of the presidents of and other witnesses representing the larger importing companies, I brought out the fact that I did not like to have imports limited by means of a rigid percentage basis, and that I hoped they would voluntarily make an effort to hold the imports within the limits set forth in the advisory committee's report. They assured us they would. So we are taking them on faith. If they do not do so, I assure the Senator from Texas that, insofar as I am concerned, I shall propose that action be taken to have them comply.

Mr. DANIEL. I should like to ask one more question, which may appear to be somewhat technical: As I understand, under the amendment the Director of the Office of Defense Mobilization would be the Government official who would report to the President that imports might be at such a ratio that they would endanger the national security.

Mr. CARLSON. That is correct.

Mr. DANIEL. Since the same official was on the Cabinet committee—as a matter of fact, he was chairman of the committee, was he not?

Mr. CARLSON. He was.

Mr. DANIEL. Since he was on that committee, and since his committee has already made one investigation and report as to a ratio of oil imports which would endanger the national security, is it the understanding of the Senator from Kansas that that official already has sufficient information to report to the President, and to justify action by the President under this amendment?

Mr. CARLSON. Not only is it my understanding but it is most reasonable

that should do so, and I so stated earlier in my remarks.

Mr. DANIEL. In other words, there would be necessity now to make a further examination of the evidence, insofar as oil is concerned. If it continues to exceed the danger point there is no need for a new investigation.

Mr. CARLSON. That is correct.

Mr. DANIEL. I thank the Senator from Kansas.

Mr. CARLSON. Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The bill is open to further amendment.

CHILDREN IN RURAL AREAS NEED ACCESS TO SALK VACCINE INOCULATIONS

Mr. NEUBERGER. Mr. President, I rise to speak, not on the bill providing for extension of the Trade Agreements Act, but on a subject of vast importance to all the people of the United States, especially the parents of children. I wish to speak briefly on the methods of distributing the Salk antipolio vaccine, and particularly with reference to getting it to the rural areas. I in part represent a State which has vast agricultural realms in which many farm and ranch families dwell at places remote from medical centers, remote from doctors, remote from hospitals. Many of these people have sent to my office letters in which they express considerable concern as to whether their children are to have as ready access and availability to this miraculous vaccine as will the children who live in the cities.

I think experience has shown us that, unfortunately, disease, especially this tragic one, is no respecter of areas, boundary lines, or frontiers. In fact, if I am not mistaken, one of the most devastating, far-reaching, and long-lasting polio epidemics of recent years occurred in rural areas in the State of Idaho.

Mr. President, the families of America have been blessed this spring with one of the great accomplishments of medical science in recent years—the discovery of the Salk vaccine to protect our children against the crippling attacks of poliomyelitis, or infantile paralysis. But the critical season when this dread disease is most dangerous is close at hand, and parents all over the country are deeply concerned that their children will have a fair chance at this protection to the full extent that it can be made available.

According to all authorities in the field, the Salk vaccine will be in short supply during the coming "polio season," which will threaten the children of the Nation from the beginning of June on through the early fall. There will be far from a sufficient supply of vaccine to confer immunization upon all the children in the vulnerable and susceptible age groups.

The National Foundation for Infantile Paralysis made a good start with its program for the 6 and 7-year-olds in the first and second grades, and even this program will provide only 2 of the

3 shots needed for immunization to the 9 million children covered.

The vaccine available between now and June 1 will be enough for 7 million additional immunizations at the "pre-season" level of 2 shots each. This could be just enough to inoculate the most critical age-group—between 5 and 9 years—if we had an effective program to assure these youngsters of priority during the weeks immediately ahead.

During the months of June and July, the second most susceptible age group, between the ages of 1 and 4 years, could also receive protection—if an effective program of priorities were maintained.

There is substantial agreement on this sequence in which different age groups of children should receive immunization, in accordance with their relative susceptibilities as shown by experience. Well-meaning efforts have been made to set up and observe this sequence by a system of voluntary priorities. But so far, however, well-meaning most people concerned with the vaccine may be, the fact remains that drug salesmen and doctors can make the vaccine available to just about anyone they wish.

FARM CHILDREN NEED POSITIVE PROGRAM OF VACCINE DISTRIBUTION

Furthermore, Mr. President, we have no assurance that even a system of priorities will succeed in making vaccine available to children in the age groups which are entitled to first consideration. Beyond priorities, a positive program of distribution is needed during these immediate months of the greatest shortage and the most urgent need.

I am particularly concerned about the children in the wide rural areas of the Nation, where there is less direct access to members of the medical profession. A child in a farmhouse may be far from clinic or hospital, but the disease does not respect city boundaries. I repeat, only a positive program of reserving adequate supplies of vaccine for these children and making it available in their communities can assure them of protection.

No child in these most susceptible, highest priority age groups should be deprived of immunization because of geographical or because of economic barriers. The easiest and most effective way to reach the children in the high-priority, 5 to 9 year age group who have not yet been inoculated is obviously through the schools, where the National Foundation has already carried on its program for the 1st and 2d graders. But time is of the essence. The schools will close in another month, and it will become far more difficult to get the children together again for another organized program of distribution.

Mr. President, it has been apparent that, during the weeks immediately preceding the announcement that the statistical tests of the vaccine had proved it a success, the national administration had done nothing to prepare a genuine, effective plan to avoid chaos in the scramble for immunization.

When it became plain that the Nation faced, unprepared, the serious problem of distributing an unhappily limited supply of a marvelous medicine, forward-

looking men in the Congress, with the support of public-spirited organizations, tried to fill the vacuum of leadership. The distinguished chairman of the Senate Committee on Labor and Public Welfare [Senator HILL] urged the Secretary of Health, Education, and Welfare to get the President to act, and he succeeded in having the administration set up a conference on Salk vaccine. Subsequently, he wrote the President additional specific suggestions designed to facilitate the orderly development of a program in the best public interest. My senior colleague, Senator MORSE, has introduced a bill (S. 1691) to furnish positive Federal guidance and assistance to the wisest distribution of the wonder drug in the immediate critical period. In recent days, other Members of both Houses of Congress have expressed their concern about the snags resulting from our national unpreparedness for the distribution of the marvelous vaccine.

NATIONAL LEADERSHIP STILL NEEDED

So far, we still have seen no convincing evidence of effective national leadership toward taking action on this problem. There have been, and there still are, studies and conferences and talk. But I sincerely hope that, in this vital matter, we shall soon get something beyond the study and discussion conferences which, under this administration, we have come to expect as substitutes for action.

I hope, Mr. President, that the administration will act soon on some of the sound suggestions which have been urged upon it by representatives of public-minded organizations. I hope that, at least, the studies will result in a very early statement—today rather than tomorrow—by the President of the United States setting forth a schedule of priorities which will lend the great national prestige of his office to assure that our children will be able to get immunization in accordance with their probable danger.

Beyond that, I would support the modest Federal appropriations which would be necessary for distribution to the States to enable them to carry out organized plans for immunization through the schools, while these are still in session, and for preschool children when the higher-priority group has been taken care of. And I hope that the administration will inform the Congress immediately of any legislation that may be necessary to enable it to require the records and other controls to make such programs work, and to assure us that Dr. Salk's vaccine will indeed reach those first who need it most.

In conclusion, I should like to add that in my opinion the greatest oversight up to the present time has been in the rural areas to which I have referred, because those are the areas which have the least contact with doctors, clinics, and hospitals. Unless we have a program whereby children in the dangerous age groups, so far as susceptibility to polio is concerned, can receive the vaccine soon through their schools, whether they be public schools or private schools, there will be the danger that a great many of the children on the farms will be beyond

the scope of this marvelous protecting vaccine.

Mr. President, I now wish to discuss another subject very briefly before yielding the floor.

The PRESIDING OFFICER. The Senator from Oregon may proceed.

EGYPT GETS HIGH DAM, BUT NOT THE UNITED STATES

Mr. NEUBERGER. Mr. President, on the very day that the Republican national administration turned its back upon a great power and irrigation project in our own Pacific Northwest, the supposedly backward land of Egypt announced plans for construction of the greatest power and irrigation dam in history, on the headwaters of the legendary Nile River.

On May 2, 1955, the Eisenhower administration sent to the Senate Committee on Interior and Insular Affairs statements renouncing Federal erection of the Federal high dam on the Snake River in Hells Canyon, finest natural hydroelectric site left in our country.

On May 2, 1955, the Egyptian Government heralded plans for Sadd el'Ali—the high dam—across the Nile, to cost \$516 million. This vast edifice will be 3 miles long, 365 feet in height, and will generate 10 billion kilowatt-hours of power. Furthermore, Sadd el'Ali will irrigate 2 million acres of potentially fertile land, thus increasing the cultivated area of Egypt by 33 percent.

I regret the willingness of this national administration to abandon the magnificent Hells Canyon Dam, which would generate 5,800,000,000 kilowatt-hours of electricity and could furnish financial assistance for the Mountain Home irrigation project in our own Northwest. Yet I rejoice that the Government of Egypt has had the foresight and courage to plan for Sadd el'Ali—the high dam—even if the Republican administration in the United States has spurned the great plans of our Corps of Army Engineers and Bureau of Reclamation for the high dam at Hells Canyon in our own land.

The letter to the Senate Interior Committee, setting forth the Eisenhower administration's opposition to a high dam at Hells Canyon, was signed by Interior Secretary McKay.

Mr. President, I ask unanimous consent to include in the body of the RECORD a story from the New York Times of May 2, 1955, entitled "High Dam Is Key to Water, Power," describing Egypt's bold venture in the realm of hydroelectricity and irrigation.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HIGH DAM IS KEY TO WATER, POWER—SADD EL'ALI, WORLD'S BIGGEST, WOULD INCREASE TILLABLE ACREAGE BY A THIRD

(By Richard Rutter)

The land of the Pharaohs is taking a giant step into the 20th century.

Five thousand years ago Egypt built the Pyramids, among the mightiest projects of history. Today, the young Republic of Egypt is planning another tremendous undertaking—the world's greatest dam.

A few months ago Premier Gamal Abdel Nasser, leader of the 1952 revolution that threw out King Farouk, announced that his Government intended to build a new dam on the Nile, 4 miles south of the present Aswan Dam, 800 miles south of Cairo, and 200 miles north of the Sudan border. Since then, at the request of Egypt, the International Bank for Reconstruction and Development has dispatched a mission to study the project on the spot. The financing remains the major obstacle.

FOUR TIMES BOULDER DAM

The cost of Sadd el'Ali (the high dam) is estimated at \$516 million. According to present plans, it will be 3 miles long and 365 feet high, and will hold 130 billion cubic meters of water—5 times the annual flood of the Nile and 4 times the capacity of Boulder Dam.

The benefit to the Egyptian economy would be far reaching. For industry, Sadd el'Ali would provide 10 billion kilowatt-hours of electric power. But since Egypt is primarily an agricultural country, the High Dam is regarded (first of all, as an irrigation project.

As planned, Sadd el'Ali would give enough additional water to reclaim 2 million acres of untilled land, increasing the nation's cultivated area by 33 percent. It will permit rice to be planted on an additional 700,000 acres and allow other crops to be raised on another 700,000 acres now irrigated only during flood periods.

In all, Egyptian economists estimate that the High Dam will add \$430 million to the annual national income, now put at \$2,847,000,000 a year.

Egypt's economic problems—and they are great—all revolve around the land and its use. In the last 50 years the population has nearly doubled, while cultivated land has increased by only 12 percent.

Today 16 million of the 21 million Egyptians derive their livelihood from farming an area of 13,000 square miles. That means a population density of more than 1,200 a square mile, about 22 times that in the agricultural areas of the United States. As a result, the standard of living is appallingly low.

The great majority of farms are 1 to 5 acres, too small to be operated economically. This fragmentation has been accelerated by inheritance laws that divide land among many heirs. Some of the most fertile land, moreover, has been held in "Waqf." This is land bequeathed to a religious or charitable institution or to heirs who may not dispose of it but may enjoy the income.

The Nasser regime has initiated an industrialization program as a partial solution. At a cost of \$78 million, generating stations are being built at the Aswan Dam.

An iron and steel works is being constructed at Helwan, near Cairo. It will cost \$45 million, and produce 240,000 tons a year in about 4 years. (The iron ore deposits at Aswan are estimated to be sufficient to supply Egypt's steel industry for the next 500 years.) Other plans call for a 375,000-ton fertilizer plant to be powered by Aswan, a 20,000-ton paper plant, a 50,000-ton beet sugar factory, a 200,000-unit tire factory and a 20,000-ton jute plant.

MUCH OF FLOOD WASTED

But the basic answer to the nation's problems, it is generally agreed, lies in harnessing the Nile. At present, the waters of the great river are controlled by a system of barrages and dams extending from just below Lake Tana on the Blue Nile in Ethiopia and Lake Victoria on the White Nile to Lower Egypt. The dams, however, cannot handle the heavy amount of silt that comes down during the floods. In August the sluice gates are opened and the water rushes to the sea taking silt with it. As the crest passes and the water clears, the sluices are closed and storage be-

gins. This system means that each year billions of cubic yards of water are lost.

Some areas of the country still employ the basic system of irrigation, dating from the days of the Pharaohs. The land is permitted to flood and when evaporation and soil absorption have done their work, it is cultivated. The drawback is that only one crop can be grown each year.

If and when the high dam is built, it will revolutionize the control of the Nile and its waters. The dam would be of solid construction; allowance for sitting in the reservoir would make sluicing unnecessary. Thus Sadd el'Ali could hold back the full force of the Nile's annual flood and save billions of cubic yards of water for irrigation and power.

INTERNATIONAL PROBLEM

There is, however, one important complication—aside from the critical matter of financing. The High Dam would back up the Nile for more than 200 miles, with about half of the flooding in the Sudan. The town of Wadi Hafa in the Sudan would be completely inundated.

Egypt will have to reach an agreement with its neighbor on compensation for the flooding as well as on a division of the water.

But Egypt seems determined to go ahead with the High Dam project. Upon its success depends the rebirth of an ancient land.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. SMITH of New Jersey. Mr. President, we are now debating what in my opinion is certainly one of the most important single pieces of legislation which will be considered in this session of the Congress. The importance of this proposal was attested to by President Eisenhower when he warned: "If we fail in our trade policy, we may fail in all."

I

FUTURE STRENGTH OF FREE WORLD REQUIRES ECONOMIC COOPERATION

I shall support the bill as reported by the Committee on Finance by a vote of 13 to 2.

Nevertheless I do not contend that concerning this important legislation, there exist only "pros" and no justified "cons." This is certainly not the case. The distinguished senior Senator from Nevada and other Senators have made very honest and sincere arguments to support their position. In this particular instance my interpretation of what is best for all the people of America and for our friends and allies throughout the world has led me to a different conclusion than that of these distinguished Senators.

It is because I feel strongly that this program, so ably and so energetically supported by the President, is in the national interest, that I shall vote for it.

Mr. President, in these days of international tension, the strength of the free world is our only deterrent against aggressive action by the Communists which might easily lead to all-out war. We have worked long and unceasingly to forge military and political unity. We are continuing to do so. But from my experience as a member of the Foreign

Relations Committee, I can assure you that the political and military arrangements which we have developed with our friends and allies will inevitably be weakened unless they are established on a foundation of economic stability and cooperation.

The three pillars upon which we must build are political security agreements, military strength, and economic cooperation. Millions of people in the free countries and also the leaders in the Kremlin are watching closely this congressional debate to see whether we will unite behind our President in building this third pillar of economic cooperation.

General Gruenther in his testimony before the Foreign Relations Committee in March brilliantly described the dangers of Soviet efforts in propaganda and political warfare. He attested to the existence of a certain skepticism in Europe as to our ability to meet the Communist challenge on all these fronts. He stated, and I quote:

The Europeans realize that the United States is in a leadership position in the world, and they wonder whether we have the wisdom to carry that leadership in this kind of competition.

Today in the world there exists an almost bridgeless gap between the Communist and the anti-Communist nations. Despite this vast canyon between East and West, in fact partially because of it, the United States has developed with its friends and its allies a degree of unified purpose probably unparalleled in world history. Both parties in this country of ours have been of one mind with regard to the principle that the security, health, and happiness of our 48 States cannot be achieved, maintained, or increased unless free people in other lands are making progress in the same direction.

We are unified here in America in believing that our foreign policies should and must be based on national self-interest. We have come to realize from past experience that enlightened self-interest requires us to be concerned about conditions in other lands. We have learned that our independence is strengthened by the growth of independence elsewhere, and that our security is increased by the development of security abroad.

The great pattern of mutual defense systems that we have helped develop in the free world would never have reached present heights of achievement, if there had not existed feelings of mutual respect, confidence, a willingness to compromise, a marked lessening of suspicion and fear, and an increasing sense of stability and prosperity. Furthermore, this partnership approach is in line with the yearnings of the non-Communist underdeveloped nations of the world for greater freedom, independence, and self-determination.

Militarily and politically there has been remarkable success. But in the field of international economics and trade there continues to linger age-old prejudices, suspicions, fears, jealousies, and threats of reprisal. An aura of instability and lack of continuity exist in this great field of trade relations. His-

tory has shown that this unhealthy climate always is a fertile breeding ground for the growth of economic warfare, and today such a climate is a fertile breeding ground for the spread of communism.

It is the purpose—perhaps the highest purpose—of this modest program for reciprocal trade and gradual lowering of trade barriers to stamp out this disease before it can spread and undo all the progress which has been made since the war. President Eisenhower laid it on the line for us when he frankly warned:

To abandon our program for the gradual reduction of unjustifiable trade barriers—to vitiate the administration proposals by crippling trade barriers * * * would constitute a serious setback to our hopes for global peace.

II

EFFECT OF H. R. 1 ABROAD

Before considering why the passage of this bill is important for the continued growth and prosperity of America, let us look for a minute at H. R. 1 in terms of the future prosperity and strength of our much-needed friends and allies overseas.

During the past few months our attention has been necessarily focused in the Pacific-Far Eastern area on the Formosa situation. This Congress is united in its belief that the security of Formosa is vital to our own security. But, if it is important for us that Formosa remain free, strong, and prosperous, it is even more important that the free world strive to assure the future of Japan. It does not reflect one bit on the importance of Korea or Formosa, on which we are so much interested, for us to recognize that in Japan we have an even heavier weight on the scales of a free Asia. And so, if we are concerned about the future of Formosa—as we are and should be—we must be at least equally concerned with maintaining Japan as a strong and friendly ally against Communist colonialism.

Japan has aptly been called the workshop of Asia. But without food, and without raw materials, there can be no workshop. The industrious Japanese depend on imports for one-fifth of their food and most of their raw materials, and they rely on exports to pay for them. Yet the volume of exports in 1953 was well below the 1934-36 volume. Japan has suffered an adverse balance of trade every year since the end of World War II.

JAPANESE TRADE AND RED CHINA

Before the war, in 1937-38, the Chinese mainland was Japan's largest customer. Now, for a number of reasons, primarily because of the policies of the Chinese Communists themselves, the Chinese mainland market hardly exists.

Japan is desperate for other markets for its goods, in order to earn the necessary foreign currency for financing imports of food and raw materials. As the present artificial prosperity in Japan—which resulted from the occupation and the Korean conflict—lessens, Japan's degree of desperation and the threat of economic disaster increases. Of course, this would fit very nicely into the Communist blueprint for eventual subversion of Japan. And if the Japanese are discouraged by the Western nations from

building new non-Communist markets, she naturally will turn, I fear, to Red China.

But America is only one possible market in the free world for Japan. It is certainly to our advantage to assist Japan in its efforts to increase its trade with the free nations of southeast Asia. However, before these countries can become good customers of Japan, they must achieve higher standards of living, which in turn will increase their desire for imports.

Here, Mr. President, is one of the very good reasons for continuing our economic aid to this entire area. By helping these peoples to help themselves toward greater economic prosperity, we are helping Japan. Cut off this economic aid, deny Japan other markets in the West, and we will certainly drive that power toward the outstretched arms of the Communists. If we do this, I have no doubt that future historians will state with considerable justification that it was this Congress that helped to seal the fate of Japan and "sold it down the river."

It is in the interest of the United States and also of Great Britain and our other allies to give Japan the opportunity to achieve economic stability. Without it there can be no political stability and no military strength. Japan can be a good friend, an equal partner, and a strong ally if we desire to help. The Japanese people are willing if we are. Let us therefore realize in this debate here today that part of this responsibility rests squarely on our shoulders.

H. R. 1 AND THE FUTURE OF THE UNDERDEVELOPED COUNTRIES

Mr. President, one aspect of H. R. 1 has received very little attention. Nevertheless, in my eyes, it is one of the most important parts of H. R. 1. I feel that the case of H. R. 1 is exceptionally strong in terms of the future strength and stability of the so-called underdeveloped nations. About two-thirds of the world's population live in these areas, which have become the chief battleground in the war of ideas between communism and democracy.

Mr. President, at the conference in Manila last year, at which I had the privilege of being present with Secretary Dulles, the United States joined other nations from the West and three important underdeveloped nations in signing the Pacific Charter. In that declaration, the signatory powers agreed, among other things, "to cooperate in the economic, social, and cultural fields in order to promote higher living standards, economic progress, and social well-being in this region."

In the passage of H. R. 1 we are helping to meet that pledge of cooperation and partnership. By assisting these nations in their search for markets, and providing them with American goods and services in return, we will be helping to assure that these all-important areas remain on the side of freedom. If we were to defeat this bill, we would be saying, in effect, "Please ignore the Pacific Charter; we did not mean what we said."

It is highly important, Mr. President, that the millions of inhabitants of the

underdeveloped areas have confidence in the words and actions of the United States. These nations need assurance that markets for their exports will be available throughout the world when their economic development has progressed to that degree. Defeat this bill, and we will undermine their confidence in us and discourage their incentive to develop economically. In terms of the worldwide struggle of ideas, the consequences for democracy everywhere would be very grave.

H. R. 1 AND THE FUTURE OF OTHER NATIONS

The people of Europe and other parts of the world have an equally strong stake in H. R. 1. Their prosperity and standard of living depend to a large degree on their ability to buy our goods and materials. But they must have dollars with which to pay. Either we give and lend them the dollars, or else we must permit them to trade with us and earn our dollars. Trade has to be two way. Otherwise, it cannot exist. If we wish to export, we must permit imports.

The progress that has been made in Europe toward developing a system of freer trade has been real. The Council of the Organization for European Economic Cooperation has initiated a plan to remove quota restrictions from 90 percent of the trade among the Western European countries. These nations intend to liberalize their trade 100 percent as their balance-of-payments position improves.

But mere regional lowering of barriers by this OEEC action will not alone solve the problem, because of the powerful role which the American market plays in most of these countries. Without continued access to the American market for the products of Switzerland, Portugal, and Italy, among others, the domestic economies of these nations would be threatened. American import policies may mean life and death to Chile, which exports 71 percent of her total copper production to our market, or to Indonesia, which sold us 28 percent of her rubber in 1953. The economic prosperity of these and other nations depends heavily on our import policies.

The weapons of economic warfare are not expensive to manufacture; but the results of their use can be very costly. The tariff and the quota can be just as devastating to the prosperity and security of a nation as a rain of well-aimed bombs.

IMPORTANCE OF TRADE TO AMERICA

This can work the other way, too. We are totally dependent on imports for our coffee, cocoa, bananas, and tea. We rely almost entirely on imports for the tin, chromite, nickel, manganese ore, graphite, and cobalt we need for our industrial prosperity and military security. If it is right for us to cut off Swiss cheese imports, then certainly we cannot complain if other countries cut us off from much-needed raw materials.

American agriculture and industry continues to rely considerably on export markets for rice, cotton, tobacco, sulfur, heavy machinery, and pharmaceuticals. If we are to follow a policy of arbitrary import restrictions, then certainly other nations will be justified in

limiting, and can be expected to limit, imports of these American commodities which mean so much to segments of our own economy.

These few examples should certainly be sufficient to demonstrate the great degree of economic interdependence of the free world. This fact should be recognized, just as we now have come to realize the interdependence of free nations in the realm of political agreement and military strength.

III

THE EFFECT OF H. R. 1 ON UNITED STATES ECONOMY

The great majority of the opposition to the President's trade program stems from the sincere belief of many persons that a further lowering of barriers to imports will result in mass unemployment and in a crippling of many American industries.

As a Senator from the State of New Jersey, I am, of course, intensely interested and concerned with the prosperity of all the people and industries of my State. But without intending in any way to deny the seriousness of the situation among some industries and in some areas, I am compelled by a close study of the facts to state that there has been considerable misunderstanding in regard to the provisions of H. R. 1, the meaning of reciprocal trade, and the relationship between domestic prosperity and imports.

Many persons have expressed the belief that their continued employment and increased prosperity depend on the defeat of this bill. This is looking only at the import side of the picture.

But I am forced to conclude from my studies that the jobs of at least as many Americans depend primarily on exports.

Almost all the industries which have expressed to me their concern over possible damage caused by imports or the threat of increased imports derive a substantial part of their income from exports.

For example, in 1954 total imports of cotton cloth to the United States are estimated at \$22.4 million. But total exports of cotton cloth for the same year were \$162 million. Are the manufacturers of cotton cloth willing to lose this valuable export trade in order to limit imports?

Take the chemical and allied products industry, which is New Jersey's No. 1 industry, employing over 57,000 workers in 800 different firms. In 1954 the Tariff Commission estimates imports to the United States valued at about \$250 million. But exports for 1954 were valued at over \$1 billion. This suggests that even in New Jersey many more jobs in this industry depend upon maintaining exports than are threatened by increasing imports.

The manufacture of heavy electric power machinery is another important New Jersey industry. In 1954 the value of United States imports of this machinery was \$10,433,639, while the value of exports was about 16 times that figure, or \$160,426,701.

I cannot but conclude from these and other facts which I have studied that the maintenance of markets for these

exports is also important to the security and prosperity of the United States.

IV

H. R. 1 AND THE PROBLEMS OF SOME DOMESTIC INDUSTRIES

I shall not pretend that some of the industries, such as textiles, do not face some difficult problems. This has been true for a number of years. Some segments of the textile industry have moved to the South. Others face stiff competition from producers of synthetic commodities. The total per capita consumption of textiles in the United States has decreased.

These are real problems which must be dealt with realistically.

H. R. 1 AND FEARS OF RESULTING HARDSHIPS

It should be emphasized and reemphasized that the program recommended by the President will entail gradual and selective tariff reduction over a 3-year period. In his message to Congress last January, President Eisenhower made this clear when he said that "radical or sudden tariff reductions would not be to the interest of the United States and would not accomplish the goal we seek." I am sure that the President will always keep in mind the welfare of the American people and will not permit their security to be jeopardized by any arbitrary act. And my confidence in the President is so strong that I believe it would be both unwise and unnecessary to limit further his power of decision in matters of trade negotiations.

He, after all, is President of all the people of the United States and is directly responsible to them. From this position, he can see a broader picture of our national interest than any individual commission, or any individual Senator, for that matter.

Let me point out that our President is not oblivious to the welfare of American industry. I should like to quote from a letter which the President wrote to Representative JOSEPH MARTIN, of Massachusetts, last February 17. The President was commenting on the administration of H. R. 1 if enacted. He said:

Obviously, it would ill serve our Nation's interest to undermine American industry or to take steps which would lower the high wages received by our working men and women. Repeatedly I have emphasized that our own country's economic strength is a pillar of freedom everywhere in the world. This program, therefore, must be, and will be, administered to the benefit of the Nation's economic strength and not to its detriment. No American industry will be placed in jeopardy by the administration of this measure. Were we to do so, we would undermine the ideal for which we have made so many sacrifices and are doing so much throughout the world to preserve. This plain truth has dictated the retention of existing peril-point and escape-clause safeguards in the legislation.

Many sincere Americans are opposed to a reduction in trade barriers, because they fear a lowering of these barriers will cause severe hardships. As I have pointed out, I believe such hardships will be very few. But where injury directly due to our trade policy can be established, some adjustments will be necessary. In cases of dislocation, unemployment compensation and placement pro-

grams are available. The Government has a policy of letting Government contracts to depressed areas and industries. The Small Business Administration is empowered to make loans for the construction of new facilities. These forms of adjustment assistance are available when economic changes result in dislocation, no matter what the cause.

Various other proposals which have been suggested for adjustment assistance should receive the careful consideration of the appropriate committees. But I do not believe it would be wise so to amend the proposed legislation before the Senate today until further study of the adjustment proposals is made.

H. R. 1 AS REPORTED WILL HELP TO PREVENT SERIOUS DAMAGE

Besides my confidence in the President's assurance that there will be no radical or sudden reductions, I should also like to point out that the Committee on Finance has amended the bill. I wish to commend that committee most heartily for the work it has done on these amendments. Without changing the essence of the bill, these amendments will, in the main, help to assure that serious damage will not be inflicted by increases in imports.

One committee amendment concerns present trade negotiations involving Japan. Under existing authority items could be cut in these negotiations by 50 percent of 1945 levels. I think it would be somewhat unjust if under H. R. 1 additional cuts in the same items were made. This committee amendment to the bill before us would preclude such additional cuts where these items are cut by more than 15 percent after January 1, 1955. I am glad the committee saw fit to make this change in the bill, where a kind of double jeopardy seemed possible.

It seems to me that the committee amendments should be sufficient to allay most of the justified fears of various segments of the American economy.

In my judgment, the proposed legislation will in the long run benefit all Americans.

The entire free world looks to us for leadership in this problem of international trade. The future security and strength of many nations will in part be decided here today. This bill will strengthen our friends and allies, and it will strengthen America, too.

The self-interest of all free men requires that we act favorably. To do otherwise would be to court economic warfare and the deterioration of the strength of the non-Communist world.

I hope H. R. 1 will receive the wholehearted support of the Senate.

Mr. THURMOND. Mr. President, I commend the Senate Finance Committee for the very fine work of the members in considering and reporting to the Senate the amended version of H. R. 1, the Reciprocal Trade bill. It is my opinion that the committee, under its able chairman, the distinguished senior Senator from Virginia [Mr. BYRD], has done the Nation a tremendous service.

I particularly wish to express my appreciation to the distinguished senior Senator from Georgia [Mr. GEORGE] for

his successful advocacy in the committee of the amendments which I presented to the committee on March 23, on behalf of 16 of my colleagues and myself.

As the bill comes to the Senate from the Finance Committee, it preserves the well-established principles of trade with the nations of the free world. It also establishes some safeguards for the thousands, yes, even millions, of workers in various industries of this country, against reductions of tariff rates which might endanger the American economy.

Opponents of amendments to H. R. 1 have presented their case well. I am not so sure those of us who believed some amendments vital have made absolutely clear the principal point regarding the amendments.

There may be some persons who have been convinced that the amendments we suggested to the committee would mean that all reductions in tariff rates would be ended. That is not correct. The bill as it was reported to the Senate by the committee does not in any way prevent the negotiators at the GATT conference in Geneva, Switzerland, from carrying out their negotiations with the same authority as under the present law.

The accusations which have been made against the people of the textile industry, which has about 90 percent of its products under negotiation at Geneva, that this industry is opposed to our Nation helping to develop world trade is entirely incorrect. The truth is that the industry does not believe it would be fair to place in double jeopardy any items being negotiated at Geneva.

With present authority to reduce the tariff rates on textile items up to 50 percent at Geneva, the additional authority to make further reduction up to 15 percent in the next 3 years, as provided in the bill before amended by the committee, would actually mean that reduction could total 57½ percent of the present rates. It should be remembered that textile tariff rates were reduced early in the reciprocal-trade program. The average reduction in tariff rates, ad valorem equivalent, on cotton textile products since the beginning of the reciprocal-trade agreements has been 37 percent.

Cries have been heard that we must protect the Japanese textile industry. I agree that it is essential for Japan to have adequate markets outside the home islands for her textile products. I do not agree that her best market is the United States. Japanese products can best be purchased by the nations of Asia and Africa, which have living standards and wage levels similar to those of Japan.

Permit me to cite a few statistics. Between 1947 and 1954, United States exports of cotton textile products dropped by more than 50 percent. In 1947 we exported 1,478.8 million square yards of cotton goods, but in 1954 we exported only 605 million square yards.

On the other hand, Japan's exports of cotton textiles rose by more than 200 percent in the same period. In 1947 Japan exported 399.2 million square yards of cotton textiles. Last year her exports amounted to 1,296 million square yards. Surely our friends in Japan cannot charge us with having unduly restricted her trade by imposing unjust

tariff rates, when Japan has multiplied her trade with other countries to such an extent.

Mr. President, the people of South Carolina and of the entire Nation are a patriotic people. I know they do not want the Senate to take any action which will endanger relations with our friends overseas or even to injure those members of the family of free nations.

However, we cannot forget the possible situation which could be created in this country by the reckless wiping out of justified regulations on foreign trade. I believe that the strength of the free world depends largely upon the strength of the economy of the United States. If we damage our domestic economy, we also endanger the freedom of many lands. This is true because the United States stands as a bulwark against the insidious tactics of the Communists—both at home and abroad.

We must remain economically strong if we are to remain sufficiently strong militarily to maintain our position of world leadership.

I do not believe that we could afford to approve any legislation without proper safeguards against imperiling the steady jobs of any segment of our population as large as the more than a million employees of the textile industry. These people are working in the plants of 26 States of this Nation. Many of them are engaged in defense production. For these reasons, I have steadfastly maintained during the consideration of H. R. 1 that certain amendments were necessary to the bill.

As I stated at the beginning of my remarks, I believe the bill as reported by the Finance Committee is an excellent one. I believe it to be a well-considered middle ground between the extremes of no tariff and of complete regulation by quotas.

I hope the bill will be approved by the Senate without further amendment.

H. R. 1: EXTENDING 1934 TRADE AGREEMENTS ACT—AN ECONOMIC YALTA

Mr. MALONE. Mr. President, H. R. 1 is an economic Yalta. It is worse than Yalta for this Nation. Yalta was simply a sellout of a friendly foreign people, while H. R. 1, extending the 1934 Trade Agreements Act for 3 years, is a sellout of American workingmen and investors, making us dependent upon foreign nations across major oceans for some of the critical materials without which we cannot fight a war or live in peace—and we could not get them during an all-our war. Yalta is history. H. R. 1 is current.

DEATH WARRANT

Yalta has long been an accomplished fact; any investigation of it could only fix responsibility.

H. R. 1, which extends the 1934 Trade Agreements Act for 3 years, signs the death warrant for American industries, workingmen and investors throughout the Nation.

H. R. 1 CONTINUES GATT

H. R. 1 provides for a continuation of the Trade Agreements Act of 1934, and, to all intents and purposes, of the General Agreement on Tariffs and Trade, commonly known as GATT. The Secre-

tary of State, Mr. Dulles, has testified that the 1934 Trade Agreements Act, and, as amended, H. R. 1, give the President full authority to participate in GATT. The President, in 1947, proclaimed our adherence to GATT.

Now we have the spectacle of the Secretary of State promising the Senate Finance Committee that he will bring the organizational provisions of the General Agreement on Tariffs and Trade, or GATT, before the Congress.

SUBTERFUGE PREDICTED

Mr. President, I assert at this time that the bill introduced in the House will not bring the General Agreement on Tariffs and Trade to the Congress at all. What it will do will be to promote one of those subterfuges for which administrations for 22 years have been famous. It will bring before the Congress a new international agency, the Organization for Trade Cooperation, which is a reorganized GATT.

Should Congress approve Organization for Trade Cooperation—OTC—it will have approved GATT. If Congress should refuse to approve it, GATT will remain untouched. That is the situation. GATT will continue as organized in 1947.

H. R. 1 states that nothing in it shall be construed as approving GATT. That proviso has been in practically all of the extensions, but that means nothing.

PROTECTION PRINCIPLE SCUTTLED

Mr. President, what has actually been done in the whole setup is to change the centuries-old policy of protection of the investor and the workingman from competition with low-priced labor, the sweatshop labor of Europe and Asia by imposing, under article I, section 8 of the Constitution, a duty, or a tariff. Such duty or tariff was made flexible in order to equalize the difference between the cost of manufacturing products by workers enduring low-wage standards of living in the chief competitive countries, and the costs of manufacturing the same products in this country, taxes and other costs being considered. That is what the tariff, or duty, is supposed to be for, and it was so used until 1934, for practically a century.

LINCOLN'S PLATFORM FOR EQUAL TREATMENT TO ALL INDUSTRIES

What was the object of the tariff, or duty? Abraham Lincoln's platform in 1860 stated the objective. It said the purpose was the development of the industrial interests of the whole country. That is what it was for.

Congress followed that principle for a century. Then in 1934 it repealed the principle. While article I, section 8, of the Constitution makes it mandatory for Congress to regulate commerce with foreign nations, and to impose the duties, imposts, and excises, which we call tariffs, the Congress has forgotten its responsibility. In 1934 it said: "We will transfer to you, Mr. President, on your request, the right to trade any section of the domestic economy for a fancied foreign policy."

That is what the original trade agreements act said, and that is what has occurred for 22 years. Since then the economy of the United States has been

geared to wars and preparation for war, and our wars are never settled. After World War I was fought to prevent war, we had two wars.

Mr. President, presumably the trade agreements law was enacted as an emergency measure to improve the trade position of this country, but today several provisions to that effect are out of the act entirely. So what does the Secretary of State say? In his testimony before the Committee on Finance he said, in effect, that he could trade any job or any investment in America for a policy in Europe or Asia. Those are not his exact words, but that is his thought. He could do that if, in the judgment of the President of the United States, it was beneficial to the United States.

Mr. President, let us make no bones about it—there is now no principle left.

FREE TRADE EQUALS FREE IMMIGRATION

The General Agreement on Tariffs and Trade, or GATT, is an economic Yalta insofar as the United States is concerned. No one can vote for free trade in this country and vote against free immigration, because if one votes to allow the products of cheap labor—50-cent and 12-hour-a-day labor in countries which produce those products with machinery which we have given them—to come into this country, without a duty to balance the difference between costs of production in low-wage-standard-of-living countries and in this country, then one cannot be against free immigration.

Mr. President, do not think there are not plenty of people in this country who are for free immigration. There is the Federal Union, which is for free trade and free immigration.

I read an article in today's Washington Post and Times Herald with a Geneva date line. Geneva is getting to be quite a place. That is where is located the headquarters for the General Agreement on Tariffs and Trade.

(At this point Mr. MALONE yielded to Mr. O'MAHONEY, who addressed the Senate. On request of Mr. MALONE, and by unanimous consent, Mr. O'MAHONEY's remarks and the colloquy which ensued were ordered to be printed in the RECORD following Mr. MALONE's speech.)

TWO APPROACHES TO DESTROY AMERICA

Mr. MALONE. Mr. President, the senior Senator from Nevada has many times stated on the floor that there are two approaches which can bring about the destruction of America. One is the political approach; the other is the economic. Yalta was one phase of the political approach begun in 1933, when President Roosevelt recognized Soviet Russia by executive agreement with Maxim Litvinov, Soviet Commissar for Foreign Affairs, without any safeguards to the United States. What we did by that action was to build a spy hideout within the boundaries of the United States. A spy headquarters, if you please, Mr. President.

So why do we complain about it? Mr. President, 12 years later the President entered into other executive agreements with Soviet Russia at Yalta. The agreements were not submitted to Congress or to the Senate for approval or rejection.

The economic approach has followed a similar pattern.

YALTA PARALLEL FOUND IN TRADE ACT

The 1934 Trade Agreements Act, drafted by the State Department and requested by the President, authorized the latter to negotiate with foreign countries to cut tariffs. The President turned this authority over to the State Department and negotiations were conducted on a bilateral basis.

CONSTITUTION PLACED RESPONSIBILITY ON THE CONGRESS

Mr. President, the Constitution of the United States placed this responsibility on the Congress. Why did it place it on Congress? Because Congress represents the people of the United States of America, the people in every precinct in the United States. The Members of the Congress know what is good for this country and they know how to build the economic structure. It had been built for a century on the basis of fair and reasonable competition by adjusting tariffs so as to equalize the wages paid here and those paid in the chief competitive nation, on each product. So the Constitution placed the responsibility on the Congress.

CONGRESS THROUGH TRADE ACT AMENDED CONSTITUTION

Congress, by a simple act, amended the Constitution and transferred its responsibility to the President; the President lodged it in the hands of the State Department; and the State Department then placed it in the hands of GATT, which holds its sessions in Geneva 3,000 miles away, and conducts them on a secret basis. Prior to GATT 29 trade agreements were entered into on a bilateral basis. None of them was ever submitted to the Congress. These bilateral agreements did not come fast enough to suit the New Deal planners.

ITO INITIAL SCHEME OF GLOBAL PLANNERS

From 1943 to 1945 many bureaucratic planners were engaged in scheming up some device by which the distribution of American jobs and markets among the nations of the world might be speeded up and placed under some international agency which could apply them multilaterally or wholesale.

The first plan was to set up an international trade organization, but the planners made one mistake.

ITO DIES IN CONGRESS; GATT LIVES ON

They submitted it to Congress, where the plan died in committee.

This did not stop the planners.

They also had set up a so-called General Agreement on Tariffs and Trades, or GATT, which held its first session coincidentally with the meeting to adopt an ITO or international trade organization charter.

GATT PROVISIONS DUPLICATE REJECTED ITO

GATT contained many of the same provisions as ITO, and our State Department and Treasury New Deal planners put it into operation by not submitting it to Congress.

GATT has been in operation now for 8 years and has never been submitted to Congress.

Mr. President, it will be found in the testimony of Mr. Dulles before the Committee on Finance, included in the 4 volumes of the testimony which are on the desks of Senators today, that the 1934 Trade Agreements Act gives the President all the authority he needs to further any organization such as GATT in any place in the world. So, Mr. President, the Senate committee was properly put in its place.

Members of the Committee are always saying to each other that they will never approve GATT. It will never be submitted to them, Mr. President.

NEW INTERNATIONAL ORGANIZATION EMERGES

The chairman of the committee said in the hearing that if they expected to get H. R. 1 out of committee they had better bring GATT in. Bu, instead of that, what was done? A bill was introduced to approve what? A new organization. The Organization for Trade and Cooperation. What is it? It is made up by an amendment of the rules covering the General Agreement on Tariffs and Trade. If Congress approves it—and it is in the House today—it approves GATT. If it does not approve it, GATT goes on uninterruptedly, because the President already has the authority to act, and it will never be submitted to the Congress of the United States. The trade agreements bill which was passed in 1934 gave the President all the authority he needed, and he is going to continue to use it. If we pass H. R. 1, he will still have the authority. H. R. 1 is before the Senate today, to be voted on, probably tomorrow.

The General Agreement on Tariffs and Trade has been in operation for 8 years and has never been submitted to the Congress. It never will be, Mr. President. In my opinion, the bill now introduced will not be pushed. Let it die, because it is wholly superficial and not needed.

GATT SIMILARITIES TO YALTA, POTSDAM, CITED

Mr. President, as I stated previously, GATT is our economic Yalta. As I said before, it has many similarities to Yalta, Potsdam, and Teheran.

GATT's sessions are secret. So were the political sessions.

GATT's sessions are always held in distant foreign places. So were the political huddles in Yalta, Potsdam, and Teheran.

Details of the deliberations, debates or conduct at GATT sessions have never yet been made public. Yalta is the first political session of its kind to be made public.

GATT is a sell-out of American interests to foreign countries.

Yalta was a sellout to Russia.

Where there are similarities there also are differences.

The then President of the United States attended the political huddles at Yalta, Potsdam, and Teheran, accompanied by State Department advisers, including Alger Hiss.

NATIONS AT GATT PLAY FOR UNITED STATES JACKPOT

No President has ever attended a GATT session where American interests

are being sold down the river on foreign soil, but has left that to second-string State Department advisers.

At Yalta, Potsdam, and Teheran the United States had to contend with only two foreign countries trying for the jackpot.

At GATT sessions 33 foreign countries are trying for the jackpot, and we have to put up the pot.

It reminds me, Mr. President, and I so expressed myself in committee—it will be found in the record of the hearings, I think—that Yalta was just a sucker poker game. So long as we sat in the game, since we have the only markets of any consequence in the world, the game went on. If we had not sat in, the game could not have continued.

It was like a sucker poker game in any small town in America, or in any large town. When a man comes to town with a few uncashed checks or a pocket full of cash somebody persuades him that poker is a fine game, if he sits down, the game goes on. If he does not, the game breaks up. That is what happened at Yalta, where we sat in.

GATT SESSIONS PEACETIME SELLOUTS

The sellouts at Yalta and Teheran took place in wartime. Apologists for Yalta plead the urgencies and exigencies of wartime mitigate the mistakes and blunders that were made there.

The sellouts of American industries, workingmen, and investors at sessions of GATT held in Geneva, Switzerland; Annecy, France; and Torquay, England, were all in the postwar years and under conditions of relative peace in Europe.

Yalta is dead, and it is the hope of the senior Senator from Nevada that the political approach to destroy America has been halted through efforts of the present administration.

GATT, the economic approach, is very much alive, and the administration, it appears, wants it strengthened and expanded.

FOREIGN COMPETITORS EAGER FOR NEW GAINS

The enactment of H. R. 1, in my opinion, will make certain that there will be more economic Yaltas. As a matter of fact, those who favor the bill are waiting now, like a nest of birds with their mouths open, for its enactment. Then we will learn what they have been doing for the past 4 months. We do not know now.

The American workingmen, investors, and industries will be the victims of economic Yaltas, in which foreign interests and competitors will achieve all the gains.

The way to make certain that there will be no further economic Yaltas, selling out American investors and producers, is to defeat H. R. 1 on the floor of the Senate, and thus to let the Trade Agreements Act of 1934 die. I assure you, Mr. President, that its death will be unmourned.

ONLY DEFEAT OF H. R. 1 WILL ASSURE DEATH OF GATT

When the Trade Agreements Act of 1934 dies, as it will if Congress does not pass H. R. 1, then the General Agreement on Tariffs and Trade at Geneva

will die with it, as will its successor international agency, which the administration is endeavoring to set up. This new organization is merely being submitted to Congress as a smokescreen, which is not needed and whose demise will not be mourned. Its purpose is to continue the course which has been followed for 22 years.

The successor agency will be the same old GATT, General Agreement on Tariffs and Trade, with a new label. It is just like our giving the taxpayers' money to Europe. First, we gave three and three-quarter billions of dollars to England. Then came the Marshall plan, followed by ECA, which was succeeded by something else. Finally it became FOA. Whatever administration was in power simply changed the name of the agency often enough to keep the people confused; yet the assessment every year remains the same.

Mr. President, it has been a favorite New Deal device for many years to change the name of any agency which becomes too well identified for what it is, or which becomes unpopular. This helps to allay criticism or suspicion, and to blur out scandals or criticism of the past.

RECIPROCAL TRADE BRITISH CATCH PHRASE

The device which is laughingly called reciprocal trade, two words which do not appear in any act which Congress has yet passed, is simply a catchphrase framed by the bankers of London to sell free trade to the American people, so that the British can get a slice of the American economy.

Mr. R. A. Butler, the Chancellor of the Exchequer, said in 1952 that what the British wanted was trade, not aid. They wanted to get the basis of our income. They wanted to get at the basis of all the income we have, not just the income itself. That simplifies the situation.

I pinned that phrase on Mr. Butler the week after he made his statement. He is proud of it now, because he has made the President and the Congress of the United States accept it.

Thus our foreign-aid program has appeared under several different labels, without the program being changed, with only the name being changed. All that is necessary under this device is to change the name on the door and to print some new letterheads.

GATT TO BE RELABELED OTC

I regret that the present administration apparently has adopted this old New Deal device. In any event, if H. R. 1 shall be passed, we are to have the General Agreement on Tariffs and Trade under a new name and with new initials. Instead of General Agreement on Tariffs and Trade, it will be the Organization for Trade Cooperation; and instead of GATT, the initials will be OTC, which more nearly approaches the original initials, ITO, which stood for International Trade Organization.

If by some subterfuge the proponents of the plan can get Congress to approve it, that will be fine for them. But they do not need it, because Congress has made it plain that in the original Trade Agreements Act it gave to the President

the authority he needed to set up GATT, or the General Agreement on Tariffs and Trade.

It is my belief that the Senators and Representatives were misled; that they did not know what was going on. But the people behind the plan knew. Who were the people behind it? They were the Alger Hiss and Harry Dexter White crowd. They knew what they were doing when the Treasury and State Departments, in 1934, recommended the Trade Agreements Act. They deliberately placed the responsibility in the hands of the Executive to do what he has done. They knew what would happen. So it is time that Congress learned all about what has happened.

TRADE ACT SOLD AS 1934 EMERGENCY MEASURE

Mr. President, this is to be the same bad package, but having a different label. If H. R. 1 shall not be passed, then we shall have neither the package labeled as GATT nor the one labeled OTC, and we shall have no further economic Yaltas. All that is necessary is to sit still and not pass any bill of this nature; then there will be no more economic Yaltas. The remedy is as simple as that.

To recapitulate, Congress, in 1934, passed the Trade Agreements Act as an emergency measure, delegating to the President the powers of Congress under article 1 section 8, to lay and collect duties or tariffs and to regulate foreign commerce.

The Constitution placed those powers in the hands of Congress definitely, for reasons which appear in the debates of that time, because the Members of Congress represent all parts of the United States and all its people. The President has turned those powers over to the State Department. That is now well known.

THIRTY-THREE NATIONS HAVE EQUAL VOICE TO THAT OF UNITED STATES IN GATT

The State Department, to all intents and purposes, has turned over the powers to an international agency operating on foreign soil, known as General Agreement on Tariffs and Trade, in which 33 nations have a voice and voting power equal to our own.

Mr. President, some 55,000 trade concessions have been negotiated by GATT during its 8 years of existence, a great number of them, of course, affecting our import duties and foreign commerce. Not one of them has ever come before Congress, or the Senate, for approval or ratification.

H. R. 1 will continue this operation, or more properly permit the State Department to continue it, either as GATT or under a new label.

All the tariff cuts or concessions negotiated under GATT will remain in force, just as they are now, if H. R. 1 shall be enacted.

GATT A ONE-WORLD SCHEME TO DIVIDE OUR MARKETS

The State Department prefers the new label to GATT, doubtless for the reason that GATT has been stripped of its protective mask and coloring and stands before the public, at long last, for what it is—a one-world scheme to divide our markets with 33 foreign competitors, and to curb our economy and progress.

In each of our trade treaties, there is what is called the "most favored nation" clause, which means that any concession made to any nation is available to all. That is another fake end run.

NEW COMMITMENTS MADE IN LATEST GATT GO-AROUND

GATT has been meeting in Geneva, Switzerland, for the past 2 months, establishing more agreements on tariffs and quotas on a multilateral, 34-nation basis, and these agreements are being made public in a second document.

The second document, containing the provisions which will affect American business, industry, investors, and workmen, will not be submitted to Congress. Instead the provisions will be treated as an executive agreement which under the State Departments interpretation, do not need to be brought before the Congress any more than the Potsdam, Teheran, or Yalta agreements had to be brought before Congress under the interpretation of that administration.

CONSTITUTIONALITY OF GATT CHALLENGED IN COURTS

The position of the State Department is that the President has the power to keep such important information from the Congress under the Trade Agreements Act.

This raises a constitutional question, of course, and I am happy that at the present time an American industry, stricken by GATT and the Trade Act, has had the courage to raise this question in the courts.

If the plaintiff in this case, the Glassware Guild, Inc., of Morgantown, W. Va., is correct that the Trade Act and delegation of powers to GATT are unconstitutional, then the administration is acting illegally in not submitting the new concessions made to foreign countries to the Congress.

Mr. President, I will say now that whether it is unconstitutional or not, it is unwise, and it is a deliberate sellout of the American workingman and the American investor.

If the administration is correct and is not acting illegally, then we have reached a point where one man through his agents controls the duties or tariffs, the regulations of foreign commerce, and, in effect, the economy of the United States.

CONSTITUTION PREVENTS ONE-MAN RULE, DISCRIMINATION

At that point, Mr. President, let me say it is not a question of trusting the President of the United States. I trust the President of the United States. I was one of his supporters in 1952, and I shall be again in 1956, if he runs for reelection. But the Constitution of the United States does not trust anybody, Mr. President. The great men who wrote the Constitution of the United States did not trust themselves in writing it. They wrote the Constitution so that they themselves would be bound by it, and they put into the Constitution of the United States what is necessary to prevent a one-man or a one-group government, or discrimination against one group in favor of another.

But what did Congress do? By simple act Congress in 1934 amended the Con-

stitution and tied the regulation of the domestic economy and the regulation of foreign trade to the fixing of foreign policy. They are so tied today. The Constitution of the United States pointedly separates the two, for the very purpose of making sure that the President of the United States could not trade a segment of the national economy for a fancied foreign preferment. Yet that is what the President can do today.

GOVERNMENT BY EXECUTIVE AGREEMENT

Mr. President, we have then arrived at government by executive agreement, entered into with or without the consent of Congress, and have effectively repealed article I, section 8, of the Constitution without an amendment proposed by Congress or ratified by three-fourths of the States as required by the Constitution.

Mr. President, George Washington warned us, in his Farewell Address, that only the people must have power to amend the Constitution of the United States; that while a violation of that Constitution in one instance might be helpful, it would be the opening wedge for foreign governments to control the United States of America and to destroy our free people.

Of course, Washington was right about that, but in the past two decades we have witnessed what might be called a sort of mental aberration. Whenever a group that was strong enough wished to have a certain law enacted, certain persons would say, "No matter whether it is constitutional or not, let us pass the bill."

SENATE WORLD'S LAST OPEN FORUM

Mr. President, on the Senate floor we have witnessed Senators advocating a rule for the operation of the United States Senate whereby a majority on the floor at any time could stop debate. This is the last open forum in the world today. The House of Representatives is not an open forum. The House can stop debate by a simple majority, and it does. One or two minutes of speaking is considered a long enough time for a Representative. He then puts his talk into the RECORD, and that is the end of it.

If that is the kind of government we are arriving at, then the advocates of the pending proposal are right. We might just as well stop debate at any time, and put everything in the hands of the President, and forget it.

Mr. President, I wish to call attention at this time to the fact that Mr. Hitler never violated any rule or law of the Reichstag. Always, they prepared the way for him ahead of time, just as the Congress of the United States has done for 22 years. Practically the only power remaining to the Congress is the setting of the tax rate. It does not have much to do with appropriations, except adjusting them perhaps 5 percent either way.

INTEREST ON NATIONAL DEBT EXCEEDS COST OF GOVERNMENT WHEN TRADE ACT ADOPTED

Mr. President, today the interest on the national debt, \$7 billion a year, is twice as much as it took to operate the entire Government for a year 22 years ago; and the end is not yet.

Mr. President, the powers of Congress to regulate foreign commerce and lay duties and tariffs will be in the hands of an international trade monstrosity—indeed, they are now in the hands of an international trade monstrosity—before which Americans may not appear and to which American industries, workmen, and investors cannot appeal.

FARMERS NEXT TARGET OF GLOBAL MANIPULATORS

Farmers, too, if we read the trade deal correctly, will be an early target of the global free trade agency, as will producers of milk, butter, cheese, and other farm commodities.

If they are to escape an economic Yalta, H. R. 1 must be rejected. Then the presumed authority of the State Department to turn over our markets and our foreign commerce to an international trade organization no longer will exist, even in the presumption.

Let me say, Mr. President, if H. R. 1 does not pass the Senate of the United States, then every product as to which there is not a trade agreement already made will revert immediately to the Tariff Commission, where duties will be set thereon on the basis of fair and reasonable competition. Due attention will be paid to the costs of doing business in this Nation and those in the chief competitive nation, and on that basis a flexible import fee, tariff, or "duty," as the Constitution calls it, will be fixed. The Tariff Commission could then, at any time, on its own motion, or on request of committees of Congress, the President, or a producer, reconsider the tariff and keep it flexible.

If the bill does not pass, the General Agreements on Tariffs and Trade will be out of the picture, but all the trade agreements already made will remain in full force and effect until the President cancels them. He would do this by giving notice to the country with which the trade agreement has been made.

REJECTION OF H. R. 1 WOULD AID INVESTORS, INDUSTRIES

Investors in America would then be back in business, competing with each other, because a flexible duty or tariff will be fixed on competing products to make up the differential between costs of doing business in a low-cost, chief competitive nation and costs of doing business in this country.

REJECTION OF H. R. 1

Mr. President, this would be good news to the stricken industries throughout the land forced out of business or being forced out of operation by floods of imports which are being welcomed to our shores by our State Department.

It would be good news to the 3 million or more unemployed, and to the distressed cities, towns, and villages where they are unemployed and subsisting on doles and surplus food handouts.

Again, as in the first 150 years of our national life, the hurt and injured could appeal to their own representatives in Congress, who know the needs of their own States or congressional districts better than does any official in the State Department.

DEFEAT OF H. R. 1 WOULD RESTORE RIGHTS UNDER CONSTITUTION

The victims of the misguided free-trade policies of recent years again could utilize their right of petition and their rights of property guaranteed them under the Constitution.

They could exercise these rights with some hope of sympathy and help if their cause had merit—rights denied to them today.

Mr. President, I have great sympathy for the score of witnesses who appeared before the Senate Finance Committee during its hearings on House bill 1, and there pleaded for their right to live and to work and to produce for the United States of America.

Not one witness who appeared before the committee said he wanted any advantage over any foreign country in his own American markets. All that the witnesses requested, under cross-examination—and the printed volumes of testimony will so subscribe—was equal access to their own American markets. That is what they wanted, and only then in the case of imports of commodities of which we produce a substantial amount.

Sixty percent of the imports into our Nation do not have a tariff or duty, and never have had. All that was ever requested by any of those witnesses was a duty or a tariff which would represent the differential between the wages, standard of living, taxes, and cost of doing business in the United States and the comparative standards in the chief competitive nations, in the case of their particular products.

Mr. President, I know that to be so. I have witnessed for 9 long years the procedure of Senators and Representatives submitting proposed amendments to save industries in their own States, and then voting in favor of free trade as regards the industries of all the other States. In other words, they were willing to have all the others washed down the drain; they were favoring only the particular industries of their own States. Thereafter, when such a Member of Congress is not able to get the Congress to adopt the amendment he favors, he can notify all his constituents that he tried to protect them, and is in favor of the principle.

AMENDMENTS FUTILE SO LONG AS ADMINISTRATION BY EXECUTIVE

It does not matter what amendment is included in the bill, for so long as the administration of the bill is in the hands of the Executive and the State Department the industries of the United States will be subject to the same indignities and the same trades which have gone on for 22 long years, and which for the last several years have been accomplished through international GATT 3,000 miles away from the seat of our Government.

Mr. President, I have great sympathy also for the scores of witnesses who, for a like reason and in a like manner, testified before the House Ways and Means Committee.

CONGRESS LAST HOPE OF FREE-TRADE VICTIMS

Those witnesses appeared there to plead for their own industries. They did

that as a last resort. Congress is their last hope.

The 96 Members of the Senate and the 435 Members of the House of Representatives, coming from the 48 States, are the last hope of those witnesses and their industries. But unless the Members of Congress have the intestinal fortitude to exercise their constitutional responsibility, Congress will amount to nothing, Congress will not stand between those industries and bankruptcy. Instead, Congress will be causing their bankruptcy.

Those witnesses came to Washington at their own expense, to plead for the right to exist economically on an equal basis with their foreign competitors.

Those witnesses did not request any advantage. They asked only for equal access to their own American markets. In other words, those witnesses were willing to have foreign nations given opportunities which no foreign nation will agree to give the United States of America.

Mr. President, the United States of America is the only nation on earth, to my certain knowledge, that breeds people who are not in favor of their own nation.

Mr. President, I admire the English people; I do so on two counts, at least: First, they have brains; second, they are in favor of England.

BRITAIN'S EMPIRE PREFERENCE RATES UPHELD
BY GATT

Mr. President, if an attempt were made to export to one of the British possessions any commodity the importation of which would not be for the best interests of the British Empire or Commonwealth of Nations, I should like to see just how far the attempt would go.

The British have the empire preferential rate, which GATT, the General Agreement on Tariffs and Trade, recognizes. As a result, it would not be possible for any American to trade on an equal basis with Britain in any one of the empire nations. That is recognized as axiomatic, because the British will not do business in any other way; and I admire them for it.

UNEMPLOYED CANNOT AFFORD TO COME TO WASHINGTON TO PLEAD THEIR CAUSE

Mr. President, when one considers the scores of witnesses who, at considerable expense, came to Washington to appear before our committees, one might well consider the hundreds of thousands of persons who could not afford to go to that expense, however desperate their need.

The unemployed textile workers of New England of the Mid-Atlantic States and of the South could not afford to come to Washington, to appear before our committees.

The unemployed coal miners of Pennsylvania, West Virginia, Kentucky, Indiana, and Illinois could not afford to come to Washington.

The jobless lead and zinc miners of the West could not afford to come to Washington, nor could the workers in the hundreds of other industries which are suffering from import competition—unless a new Coxey's Army, backed by the money of some philanthropist, should

spontaneously arise. The situation could ultimately come to that, too, Mr. President.

But during the hearings enough injured industries did manage to finance representation in Washington to make a remarkable showing in behalf of American industry, American workingmen, and American investors.

TRADE ACT AIM NOW TO AID OTHER NATIONS, NOT
UNITED STATES

Mr. President, although the Trade Agreements Act was passed in 1934, avowedly as an emergency act to improve the economy of the Nation, frankly, it has since been changed so that now it is a measure to help other nations. Those who favor the act say to us, "Japan is liable to go Communist unless we let the Japanese have the textile markets of the United States. Europe is likely to go Communist unless we let Europe have the mineral markets of the United States and the crockery markets of the United States, and unless we let Germany and Japan have the sewing-machine market of the United States, and also the chemical market, and also all the other markets the 5,000 products of our Nation create.

ECONOMIC STRUCTURE OF NATION BASED ON
HOME MARKETS

Mr. President, the economic structure of our Nation is based on the markets our people have built up over a period of 175 years. We have been "sold a bill of goods" by the catch phrases, invented by the London bankers, that we should give away our markets, which are the source of our income, and that the more markets we give away, the richer we shall be.

Some time ago we had an example of such a "sale" to the United States, when Lord Keynes, of England, came to the United States and "sold" the President of the United States upon the theory that the more we owe, the richer is our Nation. I guess our President at that time was not very hard to "sell," because he needed a little more money to keep up appearances and to "keep prosperity rolling." But now both of them are dead, and our Nation had a debt of \$275 billion, which requires \$8 billion a year to finance. But they said, "The greater the debt, the richer the nation is."

Mr. President, I tried that on a banker, 25 years ago; and he cured me permanently of believing in anything of that sort.

But now we have the debt, although both Lord Keynes and the then President of the United States have passed away. Today we know better than that; but now we come to the basis of our income, namely, the markets of the United States, which have been built up over a period of 175 years. The representatives of foreign nations say to us, "We do not want your money; we merely want the basis of your wealth, the markets from which you make your money. That is what we want."

Mr. President, that is what it is proposed that we give to them, by means of extending the Trade Agreements Act.

Mr. Butler, of Britain, used the catch phrase of "trade, not aid." The London bankers have used the catch phrase "reciprocal trade." For 22 years the

advocates of this measure have been using such catch words, to which I referred a short time ago during the course of my remarks; and by using those catch words and phrases, the representatives of the nations which are our principal competitors have been able to "sell" their notions to the people of the United States, who could not interpret or understand those catch words and phrases. And all the time the people of the United States were selling more bonds, and were buying them with their own money.

ONLY CONGRESS GIVES SYMPATHETIC EAR TO
PLIGHT OF AMERICAN INDUSTRIES

Mr. President, the representatives of many American industries have been heard by Congress. Congress is the only place where they can obtain a sympathetic or objective ear. They cannot be heard by the State Department. Mr. Dulles, the Secretary of State, is carrying on exactly what the Secretary of State preceding him started. When Mr. Dulles appeared before the committee, he said—and he said it "cold turkey"—that he could trade any jobs or any investment in the United States for a foreign policy which in the judgment of the United States was of an overall benefit to this country. The Congress of the United States would not have the guts to do that, but it can transfer to someone else its constitutional responsibility to do it. That is what will be done tomorrow, if the pending bill is passed.

Mr. President, it is certain that American workingmen and investors could not have received a hearing at Geneva, Switzerland, where the General Agreement on Tariffs and Trade meetings have been held in secret, with second, third, or fourth echelon officials from the State Department vying with the smartest economic experts of 33 foreign nations. These are the same second, third, fourth, and fifth echelon officials who have been in charge for some time, some of them for 20 years. They have not changed.

AMERICAN ECONOMIC EXPERTS OUTSMARTED BY
FOREIGNERS FOR 20 YEARS

I digress to point out that the economic experts of foreign nations are smart. As proof of that, they have been outsmarting our own delegates in trade and commerce negotiations for 20 years—8 of those years under the General Agreement on Tariffs and Trade.

The empire-minded nations of Europe—England, France, Belgium, the Netherlands, and some others which have passed in review during the past 150 or 300 years—have been living by their wits on trade throughout the world. How did they do it? Through colonial slavery.

So long as the Fleet of Great Britain dominated the world, the Malayan States, Indochina, the African States, and others elsewhere in the world dared not stage an uprising. What was the rule of the colonial slavery nations? They held the price of raw materials down, bought them and sent them to their own nations in Europe, manufactured the products, and forced the slave nations to buy through the Empire preferential-rate system.

COLONIAL SYSTEM DEAD

The Empire system is gone. The colonial slavery idea is as dead as Julius Caesar. Everyone will know, in 6 months or a year, that they are gone. The system was broken first in World War I, and destroyed utterly in World War II, because of the dominance of the airplane and the advent of improved transportation and communications systems, including radio. The slave nations found out for the first time what was happening to them.

What happened in Indochina, one of the colonial slaves for hundreds of years? We were for France. We signed the Atlantic Compact, and we guaranteed the integrity of the colonial slavery system throughout the world, so we were in favor of helping France hold that colonial system. Not a single Indochinese was with us or with France. They did not know very much about communism, but they knew all about colonial slavery, and they were not having any more of it.

AMERICAN MARKETS BEING DIVIDED AMONG FOREIGN NATIONS

It is time to sit down, in the cool of the evening and take a look at what is happening throughout the world. We are dividing our markets with other nations and trying to hold colonial-slave nations in bondage to the empire-minded nations.

The representatives from most of the foreign governments are experienced and trained in the field of trade. Our own delegates are untrained and inexperienced. Certain foreign nations have lived by their wits for 300 years in international trade.

If I may digress, sometimes I suspect that one reason our State Department officials prefer to have the international general agreement on tariffs and trade sessions held in Europe is that they suffer from an inferiority complex. They fear that they would suffer by comparison if they carried out their chores where Americans might observe them. The reason is ignorance of what they are doing, or worse. Either that or they do not want to be annoyed by mere American producers appealing for the economic life which those officials seem so eager to forfeit.

STATE DEPARTMENT CONTEMPTUOUS OF CONGRESS

The evidence in the volumes of testimony before the Senate Finance Committee will show that the State Department holds the Congress in utter contempt; and well it might. Why should it not hold the Congress in contempt? Everything the Department sends here is passed almost without debate.

As I have said before, Mr. Hitler never violated a rule or law of the Reichstag. They beat him to it. They passed what he wanted before he was ready to announce it; and when he was ready to put them out of business and stop their pay, they passed that measure, too. The Congress of the United States may not be so far from that situation as some of the very dignified Members who have been voting for this and other delegations of constitutional responsibility of Congress to the Executive may think.

These things come one at a time. It is easy to shrug off responsibility. We must face the people at home, no matter how we vote.

TARIFF ADJUSTMENTS SHOULD BE MADE AT HOME AND BY CONGRESS

In any event, Mr. President, there will be no more General Agreement on Tariffs and Trade sessions, either under that name or any other name, if the Congress rejects House bill 1 and permits the Trade Agreements Act to expire at midnight on June 12, 1955. Such economic adjustments as may be needed will then be made here at home, and by the elected Representatives of the people, as provided in the Constitution, instead of being juggled among the diplomats of 33 foreign nations.

This is as it should be, and as was intended by the Constitution of the United States. The diplomats of 33 foreign nations will no longer have the job of readjusting our economy to fit their pocketbooks, or of setting fuses to crack our markets open to their own low-wage, low-taxed products.

Mr. President, I have heard even some Senators who came before our committee say: "We must pass this bill in order to avoid going back to logrolling tactics." We got away from logrolling tactics 26 years ago.

1930 ACT BASED ON FAIR AND REASONABLE COMPETITION

The 1930 Tariff Act placed the administration of tariffs in the hands of the Tariff Commission. Congress authorized the Commission to fix tariffs on the basis of fair and reasonable competition. The Congress itself never got close to the problem. All anyone could do was to appear before the Tariff Commission, as everyone else was required to do. However, the principle was established as to how tariffs were to be fixed. They were to be based upon the difference in cost of production.

The Interstate Commerce Commission was created by Congress when freight rates on various railroads were different for important shippers. What did the Congress do? It said to the Interstate Commerce Commission, "You fix freight rates uniformly on the basis of a reasonable return on the investment of principal." Likewise, the 1930 tariff law said to the Tariff Commission, "You establish tariffs, or recommend tariffs, on the basis of the difference in cost of production."

Congress did not say, "You can trade Montana or New Mexico for New York." It did not say, "You can trade the producing industries of the South and West to a group of waterfront brokers in New York or somewhere else." In effect, that is what the pending bill says, and that is what we would be doing if we should pass it. If we should not pass it in all probability the diplomats would then be out of a job, rather than the hundreds of thousands of unemployed Americans in industries blighted by foreign imports.

GATT ENDS WHEN UNITED STATES MARKETS NO LONGER IN POT

We may be sure that if the 1934 Trade Agreements Act is permitted to expire,

the General Agreement on Tariffs and Trade will be finished. That applies also to the OTC—the Organization for Trade Cooperation—or whatever the State Department wishes to call it. The General Agreement on Tariffs and Trade will be finished, because our markets will no longer be in the jackpot. If we do not sit in the sucker game, there will be no game.

ITO HISTORY RECALLED

Earlier in my remarks, Mr. President, I mentioned the International Trade Organization, or ITO, which was set up by the so-called Havana charter in 1948.

This was another scheme to divide American markets with the world while denying world markets to Americans.

Fifty-two nations signed up for that one.

They were all very enthusiastic about it at the outset, too, I am told.

Uncle Sam was to be the banker, and they were all there with red stocking or little baskets.

But then our State Department made the mistake I discussed earlier; it submitted ITO to the Congress, and Congress sat on it.

When that happened, did the 51 other nations go ahead with their big plans for ITO? They did not. There were no markets, no trade plums in the pot, so it died aborning.

Unless Uncle Sam plays the sucker with his markets and his bankroll there is no game, and the other countries pick up their chips and go home.

What happened to ITO will happen to GATT, too, when Congress permits the Trade Agreements Act to expire, as I hope it will, on June 12 of this year.

There will be no game or GATT if H. R. 1 is rejected, because our money will not be in the pot.

Many times during the past 8 years the senior Senator from Nevada has urged that there be set up a United States of Europe, in which there would be a pot of markets and production.

Mr. President, the European nations will not trade with each other so long as our fat market is in the pot. They all get a piece of the United States market.

NEW TARIFF CUTS SOUGHT TO SWEETEN FOREIGN POT

We are the pot if we extend the act, and it is to sweeten the pot that new tariff cutting authority is asked.

The original act gave the President power to cut tariffs 50 percent, a power executed to all effects by the State Department. The foreign countries cleaned that pot.

Then an extension act was passed granting the President authority to cut the tariffs that were left 50 percent, making 75 percent in all.

That pot is about cleaned out, too. On the overall, tariffs have been reduced 68 percent.

INFLATION LOWERS TARIFFS, WAGES

I wish to mention at this point that inflation is as effective in lowering duties or tariffs as an actual lowering of them. We have an admitted inflation of more than 50 percent. I believe the actual figure is about 65 percent. In other words, we have a dollar which is worth

about 35 percent of what it was worth in 1934. However, whatever the percentage may be, we have cut the fixed duties by that amount, and in that way lowered wages by that amount, too, I might say. An effective way to lower wages is to increase wages by 10 percent and to have a 20-percent inflation. In that way the person who raises the wages can go home and grin at the employee. However, it works both ways, and eventually everything catches up, and that is what is about to happen today.

With only a 7-percent margin left in the pot, it is only natural that we be asked to sweeten the margin, which is done in H. R. 1. H. R. 1 would empower the President to chip in another 15 percent tariff cut on some items, spread over a 3-year period, and to cut tariffs on other items as much as 50 percent.

This would make the pot interesting enough for the foreign nations in GATT to remain in the game 3 more years, cleaning Uncle Sam out of his markets further.

H. R. 1 is a bad bill that would sell out more American rights and interests than Yalta.

OWE LOYALTY TO OWN WORKERS AND INVESTORS

I have often stated that all Yalta did was to sell out foreign countries. This bill would sell out the workingmen and the investors of the United States. Even if we are not loyal to anyone else, at least we ought to be loyal to ourselves.

Mr. President, I have listened to the reading of letters before committees in the Senate and in the House, and I have listened to assurances to the effect that the President would not hurt any industry. Of course he would not hurt any industry knowingly.

However, it is impossible for one man's mind to encompass all the economic factors which go to make up the economic system of the United States. It is like a boy throwing a rock into a lake or rocking a boat in the bushes to scare up a duck that he did not even know was there. No man's mind can encompass this subject, and no group of minds can, either. It must be considered on the basis of principle. In that way all investors and companies and workingmen and everybody else interested in the subject can mesh production. If the law is based on a principle, they know what the law is. It is like the workings of the ICC, when it makes a ruling on freight rates based on a reasonable return on investment. If the Tariff Commission makes a ruling on the basis of fair and reasonable competition, everybody knows what that means.

Nowhere in the Constitution or in any law passed by Congress up to 1934 will Senators find permission given anyone to trade one sector of the country for another or one economy for another, or one industry for another. The 1934 Trade Agreements Act allows the President to do it. It is not the President who does it, as everybody knows, but it is the State Department, which has been internationally minded for 22 years.

H. R. 1 OFFERS NEITHER HOPE OR ASSURANCE TO AMERICAN PRODUCERS

There is not one word of assurance, sympathy, or hope in this bill for the

American workingman. I am talking about effect of the bill, not about lip service to the workers.

In this bill there is not one word of hope or assurance for the investor in American free enterprise.

There is not one word in this bill that says that any American's job in America will be protected.

There is not one word in the bill that says any American market will be protected from suffocation by foreign imports.

We have had the spectacle of a large producer, who has built plants in foreign countries and has used his investment there to bring into this country material which he has produced cheaper than it could be produced in the United States, saying, "We believe we should be the judge of how large imports into the United States shall be and how much shall be produced in the United States of America."

Under cross-examination by the senior Senator from Nevada, who asked if he would advocate that policy for all other products, he became a little pink around the collar and stuttered. He did not say he would advocate it for all other products, but only for his own. It would certainly be a spectacle if every producer in America who also is a foreign producer of the commodity could have it left to him to say how much he would produce in America and how much in a foreign country, and how much of his production he would bring into this country in future years. He could say to the domestic producers, "We do not need your production," and then increase foreign production until whatever competition was encountered in this country had ceased to exist.

H. R. 1 BANKERS AND WATERFRONT BROKERS BILL

This is a bill for international bankers, export industries and waterfront brokers who take an override on everything that goes out or comes in to our ports.

That is what we have traded for our producers in Montana, New Mexico, Nevada, and Pennsylvania. We have traded our producing industry for a group of waterfront brokers. That is what we have done. Tomorrow will be the test of whether we continue to do it.

This is a bill to protect money invested in foreign countries instead of in America. It is a bill to further the exploitation of cheap foreign labor while increasing unemployment, economic distress, and mine and factory closures here at home.

There is another bill before the Committee on Finance, a very interesting bill, which proposes that we reduce the income tax by 14 points on foreign-produced income.

In other words, it seeks to get the money out of this country and into foreign countries so as to help employment in foreign countries, in direct competition with our own.

A DEATH-SENTENCE BILL

The bill is a living threat to our wage and living standards and a death sentence to American industries across the land who prefer to produce in America

for America than move their factories to a foreign land.

Mr. President, it is amazing, to me, that after 22 years of operation of such legislation as this the people of the United States and the Members of the Senate and the House do not understand that by a slight change in a tariff or an income-tax law we can change the course of production overnight.

Mr. President before the committee a statement was made which should explain how it works. It was stated that fluorspar is a very important national defense article the producers of which are being put out of business because of imports from Mexico and Canada. That is absolutely correct. But what is putting it out of business? The tariff or duty was approximately \$8 a unit on low-grade fluorspar. On high-grade fluorspar it was \$2.40. But up to that time there had been no high-grade fluorspar coming in. The man representing the industry in Mexico and Canada wrote those figures into the bill and went home, and now we are bringing in ore up to 97 percent and shutting down the mines in Illinois and Kentucky. Representatives of those States have appeared before the committee with reference to that matter.

MISTAKES STAND FOR 3 YEARS IF H. R. 1 ENACTED

There are thousands of things that can be written into a tariff bill or into a multilateral trade agreement that will be in effect for 3 years. If we left it to the Tariff Commission, which is an agency of the Congress, it could be handled properly. If the Commission made a mistake tomorrow, it could be corrected.

In Geneva, 3,000 miles away, our life is being sucked away, and we do not seem to know it, half the time. But many of the representatives of the State Department who appeared before the committee as advisers believe such a process is safe. They believe America will get rich if it can divide its markets with every other nation.

There is not one word in this bill to safeguard the interest of any American employed in domestic industry or whose dollars are invested in America.

It is because, Mr. President, there is not a single word of assurance, sympathy, or hope in this bill, that proponents have felt it necessary to make so many verbal promises about how carefully it will be administered.

No man or group of men has the ability to analyze the number of factors involved. One plank can be pulled out, and the whole structure will come down. How can an American, trying to promote an industry, such as construction, manufacturing, or mining, say, "Look, I can compete with all the firms in this business and make some money"? How can he send agents all over the world and know what he can do in competition with the cheap labor involved? How can he do it? He cannot do it, and therefore he cannot get the investment to put into the business. It effectively stops new investment in industries in the United States of America.

We have a plethora of verbal assurances, Mr. President, but none of them are in this bill.

They will be found in an amendment I am offering to this bill, but they are not in H. R. 1.

No administration spokesman coming before the Senate Finance Committee, of which I am a member, or before the House Ways and Means Committee, has offered to include any assurances of any kind to our domestic producers or to American investors and workingmen.

ADMISSION INDUSTRIES WILL BE HURT MADE BY
SECRETARY OF STATE

Mr. Dulles, our Secretary of State, has very frankly admitted that American industries will be hurt, be injured, but he, too, proposes no specific safeguards to the administration bill.

The administration policy, on the other hand, has been to oppose such safeguards with all the vigor at its command, and it has been very vigorous in its opposition to any safeguards whatsoever.

Mr. President, may I repeat, there is not one word of assurance, sympathy, or hope in the administration bill for any American producing for the American market or any American investor who has risked his money in producing for this market.

It is a weakness, a fatal weakness in my opinion, which I am sure the administration recognizes.

If the administration does not recognize it then why, may I ask, did the President of the United States feel impelled to write his letter of February 17 to Speaker JOE MARTIN.

In that letter he sought to give the assurances which the bill, itself, so obviously lacks. He said in part:

Obviously, it would ill serve our Nation's interest to undermine American industry or to take steps which would lower the high wages received by our workingmen and women. Repeatedly I have emphasized that our own country's economic strength is a pillar of freedom everywhere in the world. This program, therefore, must be and will be administered to the benefit of the Nation's economic strength and not to its detriment. No American industry will be placed in jeopardy by the administration of this measure.

Mr. President, those are fine words, and I am sure that the President means them. But they are not in the bill, and the principle is not in the bill.

AMERICAN INTERESTS SACRIFICED ON ONE-WORLD
ALTAR

Mr. President, I repeat that no man and no group of men can possibly analyze the economic factors which must mesh in order to make our economic structure work. Many Americans already have been injured by the operation of this act. The President has later said they will not be injured. Of course they will be injured. One of the worst features of the 1934 act was the taking away of the insurance policy, the principle of fair and reasonable competition, because now there is no assurance that a workingman or an investor or a businessman may not be sacrificed tomorrow on the altar of one economic world.

THE RUSSIAN POLICY

The State Department has asked for money to move such persons elsewhere, so that they may be able to have work. That is the Russian policy. That is the

way it is done in Russia. We are given to understand that the Russians are the enemy of our system. Why are we adopting theirs? That I should like to know.

All that any witness representing American industry who appeared before the Committee on Finance asked for was equal access to his own American markets. He did not ask for an advantage.

There is no principle of fair and reasonable competition in H. R. 1 to give American producers equal access to American markets with American goods when they are faced with a flood of low-wage, low-tax, foreign-produced imports.

I am certain that the President has the highest motives and that he will act in accordance with these motives in the light of information placed before him by the White House advisers.

But, in my opinion, the White House advisers have grievously misinformed or misadvised the President in the past on matters such as these, and I have little expectation that these advisers will change their colors unless we spell the President's assurances into language in the bill, as was done in section 336 of the Tariff Act of 1930.

The record of the action taken in escape-clause cases, cases in which the Tariff Commission, after extensive studies, recommended relief to stricken industry, is proof sufficient, in my opinion, that the President in times past has been woefully misadvised by his advisers, particularly the advisers from the State Department.

PRESIDENT'S ASSURANCES SHOULD BE INCORPORATED IN BILL

Nevertheless, I applaud the President's assurances, and it would be a very easy matter to include them in H. R. 1, together with the principle under which the assurances would be made more certain and effective.

No language, however, could give complete assurance to any American so long as our foreign trade and tariff policy seems to be governed and directed through, by, and for GATT and its 33 foreign participating nations.

So long as this matter is left within the control of the State Department—a one-economic-world-minded State Department—there will never be any justice for the workingmen or the investors of the United States.

Let this act expire.

Let us return to the Constitution of the United States.

Let the power be exercised as the Constitution directs it shall be exercised.

Even if the language of the devisers of the act has been clever enough to make constitutional—which I doubt—the action of transferring the constitutional responsibility of Congress, the legislative branch, to the Executive, the President, I think it would be unwise to allow it to be done, because to do so would be to trade principle for executive decision; and that is what is being traded.

TRADE PROGRAM NO CURE FOR UNEMPLOYMENT

So we hold our economy together by what? By wars and preparations for

wars. The water never settles. It has never settled since the Trade Agreements Act was first passed. The unemployment situation in the United States was not cured from 1934 until 1941, when the second world war began in Europe. After that war, the United States, accumulated about 5 million unemployed and partially unemployed until 1950, when another war came along. That was a war which we could not win and could not lose. We were engaged in perpetual war for perpetual peace. But war kept out of the country the boys who might be looking for jobs. That is a poor way to prevent unemployment.

When war came in 1941, there were 9 million unemployed and about 17 million partially unemployed. Let Senators look at the record, if they doubt what I am saying. But in 1941 American boys were on their way all over the world. About 10 or 12 million of them were in the Armed Forces. So the unemployment situation of that day was cured.

Never since 1934 has the unemployment situation been alleviated one iota by the Trade Agreements Act. Since that time we have had government by emergency.

Now we are again preparing for war. In our manufacturing centers we are producing obsolete equipment for the next war, and are sending much of it to Europe, where it is being placed in warehouses from which it will never come out. We are afraid to stop such a program for fear of unemployment.

GATT POWERS NEVER OBTAINED FROM CONGRESS

There are many, Mr. President, who insist that during the past 8 years of its operation, GATT has far exceeded and superseded the powers a new deal Congress sought to grant in the 1934 Trade Agreements Act.

Congress has not, of course, ever granted to GATT, any powers express or implied.

It has never recognized GATT, nor has GATT been considered in any legislation.

The powers that Congress delegated, or sought to delegate, were delegated to the President, who transferred them to the State Department, which transferred them to GATT with the approval of the previous President.

Many attorneys have expressed doubt that the State Department had the right to do this with or without the presidential consent, but the State Department claims it had that right by reason of the Trade Agreements Act.

TRADE ACT INTERPRETED TO FIT STATE
DEPARTMENT'S PURPOSE

I have read and reread the act many times, but nowhere do I find that the act, in delegating its responsibilities to the President, authorized him to delegate them to somebody else, who in turn could delegate them to an international agency which meets only periodically, always in secret, and always on foreign soil.

In the light of the record, the senior Senator from Nevada must regretfully state that, in his opinion, whatever the language of any trade act Congress may pass, whatever the provisions or however carefully it is written, the State Depart-

ment will seek some way to interpret, warp, or twist it in a manner to meet the State Department's purposes.

And that means the State Department's free-trade purposes, which is the only purpose and objective that it espouses.

If 25 years ago a Secretary of State had said what the present Secretary of State said before the Committee on Finance, I think he would have been impeached.

The Secretary of State said that what he wanted, what he had to have, was the authority to trade any jobs or investments in America for political considerations in Europe, if, in the opinion of the President, to do so would benefit the overall position of the United States.

STATE DEPARTMENT IGNORES INDUSTRY, WORKINGMAN

Mr. President, I must regretfully state that, in my opinion, the State Department has never done anything, has never made one move, to protect American workingmen and American investors. What happens to American industry is no concern of the State Department.

The State Department is not concerned with what may happen to any American workingman in America or any American investor who has his investments in America. Americans investing in foreign countries are another matter. The State Department loves them because they help make State Department jobs.

Even Secretary of State Dulles, when he testified before the Senate Finance Committee, could offer no help to the American industry being injured by the foreign-trade program of the State Department.

Mr. President, the senior Senator from Nevada submits that passage of any trade bill by the Congress would be risky and dangerous business. The wise and safe course is to let H. R. 1 peacefully expire.

Then, as I have pointed out many times, we shall revert to the 1930 Tariff Act on all dutiable or duty-free articles which have not been included in trade agreements.

Where trade agreements exist the President might cancel them, and in 6 months the duties would be adjusted by the Tariff Commission, an agency of Congress, on the basis of fair and reasonable competition determined by the difference in cost of producing the article here and in the principal competing nation.

AMERICAN INDUSTRY SEEKS EQUAL ACCESS TO AMERICAN MARKETS

That gives American free enterprise a chance to compete on equal terms against foreign competition in our own markets, and imposes no hardship on any foreign producer willing to compete for American markets on equal terms. A flexible import fee or tariff on that basis would not prevent imports; it would merely permit them to enter this country on our basis of costs, when they are needed.

Mr. President, that is all American industries threatened with destruction by import competition from foreign countries ask—equal access to our markets.

Scores of witnesses have testified

against H. R. 1, in both the Senate Finance and the Ways and Means Committees, and invariably they have informed the committee that they would be content with equal access to our own markets.

But it has been amazing to the senior Senator from Nevada to see industrialists and representatives of working men and investors come before the committee with bowed heads and say "We realize this bill is going to pass, so all we want is an amendment to assure us we will not be run out of business for another year." Those are almost their exact words.

PROPAGANDA MACHINES OF FOREIGN TRADING NATIONS BUSY

Why are the people of the Nation in that frame of mind? What kind of propaganda goes forth which brings about a frame of mind of that kind? What is said to the workers and investors of this Nation? I will tell you, Mr. President, one thing which does not retard such a frame of mind, and that is the propaganda machines of the empire-minded nations of Europe. Some of them have the best propaganda machines ever devised. The people are sold on slogans for reciprocal trade to such an extent that control is gained of their minds in an emergency and they are caused to vote against their own best interests.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator yield?

Mr. MALONE. I yield.

Mr. JOHNSON of Texas. The Senator is not talking about slogans such as The Great Crusade, Dynamic Conservatism, and slogans of that kind, is he?

MONEY GONE, FRIENDS GONE

Mr. MALONE. I am talking about any proposal to divide the money of the taxpayers of this Nation with the other nations of the world, on the theory that the more we give them, the more wealthy we shall be. That philosophy reminds me of the oldtime boxers who, when they were winning, stood at the bar, with plenty of money in front of them, and bought drinks for all present. When one of those oldtime boxers would lose a couple of times and there was no more money in front of him at the bar, he would look around and see that no one was there.

That is where we are headed. I am referring to anyone who holds that theory. I may say it is worse for a Republican to advocate it than for a Democrat to do so, because Republicans ought to know better.

MCKINLEY TARIFF SPEECH RECALLED

The witnesses who testified against H. R. 1 have been more generous in informing the committee that they would be content with equal access to our own markets, in my opinion, than a great Republican President, who, in a speech delivered while he was a Member of the House, asked this question:

Why should he * * * (the foreign producer) enjoy unrestrained equal privileges and profits in our markets with our own producers, our labor, and our taxpayers?

William McKinley, a great American, expressed a great American principle. He said:

Here we are 1 country, 1 language, 1 allegiance, 1 standard of citizenship, 1 flag, 1 constitution, 1 Nation, 1 destiny.

And I will go a step further, Mr. President—one standard of living.

Then he said:

It is otherwise with foreign nations, each a separate organization, a distinct and independent political society, organized for its own, to protect its own, and work out its own destiny.

The foreign producer has no right or claim to equality with our own. He is not amenable to our laws. There are resulting upon him none of the obligations of citizenship. He pays no taxes. He performs no civil duties—he is subject to no demands for military service. He is exempt from State, county, and municipal obligations.

He contributes nothing to the support, the progress, and the glory of the Nation.

And then he asked, as I stated before:

Why should he enjoy unrestrained equal privileges and profits in our markets with our own producers, our labor, and our taxpayers?

Mr. President, every word that William McKinley said in that memorable speech in 1883 is as true today as when it was uttered.

The nations of Europe still are separate organisms, distinct and independent political societies, organized each for its own, to protect its own and to work out its own destiny.

Do they have free trade among themselves? Of course not.

FOREIGN NATIONS RAISE RIGID TARIFF BARRIERS

Against each of their neighbors they impose rigid tariff barriers, restrict imports by exchange permits, and import licenses and quota systems, just as they do against the United States.

Testimony has been presented before the Senate Finance Committee during current hearings that 32 foreign countries have increased their tariff rates during the past few years, when they have been so energetically urging that we cut out tariff rates still further, and receiving the sympathy and assistance of the State Department.

Of the 97 trading countries listed by the Department of Commerce, I find that 66 require an import license and 48 an exchange permit.

Many, of course, require both, which is why the total of nations with such restrictions, 114, is larger than the number of trading nations.

Examining the list I find few of these areas with neither of these restrictive devices, although most of them naturally have tariff barriers.

FOREIGN BARS HAVE ONE PURPOSE: TO KEEP OUT AMERICAN PRODUCTS

And they are barriers, Mr. President, because no nation on earth needs protection against America, since our wages, taxes, and standard of living are greater than those of any other nation on earth. Foreign nations erect barriers, both to keep out our products and to collect revenues from us.

Nations with neither import license nor exchange permit controls are Ku-

wait, Saudi Arabia, Canada, El Salvador, French Somaliland, Guatemala, Haiti, Tangier, Peru, and the Philippines.

It is a fact, Mr. President, that while the United States has been cutting tariffs 68 percent, and has kept hands off any other trade barriers on industrial products except agricultural products imported into the United States, other countries of the world have been not only raising their tariffs, but imposing controls that can keep any American product they do not want in their market from entering their market.

The Trade Agreements Act of 1934 and GATT were sold to the American people on promises to reduce foreign trade restrictions against our products. The promises have simply not materialized.

CONSTITUTION PROVIDED THAT CONGRESS SHOULD LEGISLATE, NOT PRESIDENT

The senior Senator from Nevada recognizes that among his colleagues there are some distinguished Members who believe that when the White House sends a bill to Congress, Congress must pass the bill. This is a far cry from the constitutional concept that Congress was the legislative branch, independent but coordinate, and that Congress would initiate and consider such legislation as was necessary to our Government.

I think it is fair to say that today more important legislation is initiated by the executive than in the legislative branch. Certainly that is true of H. R. 1, as it was of the Trade Agreements Act and the Extension Acts which have preceded H. R. 1.

Now we have H. R. 1, a bill which offers neither encouragement nor hope nor protection for any manufacturing industry in the United States, any investor in such an industry, or any workingman in such an industry. I am opposed to any extension or renewal of the Trade Act.

But if we must pass a bill on this subject, as the State Department, the President's advisers, and many of the Members of the Congress seem to think, then at least let it be a bill which in some measure will safeguard the interests of the American workingman, investor, and taxpayer.

Two such bills are now pending in the Senate. Both of them were introduced by the senior Senator from Nevada.

MALONE AMENDMENT WOULD SAFEGUARD NATION'S INTERESTS

One of them, Mr. President, is Senate bill 404, which I introduced, and which subsequently was submitted as an amendment to Senate bill 1723, and yesterday was submitted by me as an amendment in the nature of a substitute for House bill 1. That amendment now is at the desk, and will be called up tomorrow.

The amendment declares a policy of the United States which is in direct contradiction to the policies implied under H. R. 1, but a policy which is in the interest of American free enterprise.

Under the amendment the Tariff Commission would be authorized and directed from time to time, and subject

to the limitations subsequently specified, to prescribe and establish import duties, which would provide for fair and reasonable competition between domestic articles and like or similar articles in the principal market or markets of the United States.

CRITERION ESTABLISHED IN AMENDMENT

The amendment likewise sets up a criterion. Here is the criterion:

A foreign article shall be considered as providing fair and reasonable competition to United States producers of a like or similar article if the authority finds as a fact that the landed duty paid price of the foreign article in the principal market or markets in the United States, is a fair price, including a reasonable profit to the importers, and is not substantially below the price, including a reasonable profit for domestic producers, at which the like or similar domestic articles can be offered to consumers of the same class by the domestic industry in the principal market or markets in the United States.

Mr. President, this amendment envisages no discriminations against foreign critical and strategic materials, nor against the importers. Neither does the amendment envisage any favors to domestic producers, over the foreign producers or importers. All that the amendment does, in fact, is to assure American producers equal access to American markets with foreign producers competing for the same American markets.

To determine what is a fair price and what is fair competition, the Tariff Commission would take these factors into consideration:

First. The lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition.

Second. Any change which may occur or may reasonably be expected in the exchange rates of foreign countries, either by reason of devaluation or because of a serious imbalance of international payments.

TRADE PACTS MERELY AGREEMENTS TO LOWER TARIFFS

Mr. President, that is one method of nullifying any trade agreement which may have been made between the United States and any other nation. Such agreements really are not trade agreements anyway, Mr. President, as you know. Instead, they are simply agreements to lower tariffs.

Before the ink on such a so-called agreement is dry, the foreign country participating in the agreement devalues its own currency, and thus defeats the objectives of the agreement; or else the foreign country participating in the agreement invokes exchange or trade permits, so that whenever a foreigner applies to one of the government departments for a permit to import any commodity to that nation, if that nation does not want the article imported, it is not possible for him to obtain such an import permit or exchange permit; and without an exchange permit, it is impossible to obtain funds of that country with which to purchase that commodity.

My amendment contains provisions which are designed to allow the Tariff Commission to overcome the subter-

fuges which are employed by other nations in an attempt to prevent imports into their own countries, and to increase their exports to the United States.

To continue with the factors set forth in my amendment which the Tariff Commission would take into consideration:

Third. The policy of foreign countries designed substantially to increase exports to the United States by selling at an unreasonably low and uneconomic prices, in order to secure additional dollar credits.

Fourth. Increases or decreases of domestic production and of imports on the basis of both unit volume of articles produced and articles imported, and the respective percentages of each.

Fifth. The actual and potential future ratio of volume and value of imports to volume and value of production, respectively.

Sixth. The probable extent and duration of changes in production costs and practices.

Seventh. The degree to which normal cost relationships may be affected by grants, subsidies—effected through multiple rates of export exchange, or otherwise—excises, export taxes, or other taxes, or otherwise, in the country of origin, and any other factors, either in the United States or in other countries, which appear likely to affect production costs and competitive relationships.

FOREIGN TRADE TRICKS WOULD BE OVERCOME BY AMENDMENT

All these factors the Tariff Commission could consider, to overcome the tricks and the 200-year-old practices of the foreign nations to gain trade advantage, about which our State Department seems to be woefully ignorant.

Under the amendment decreases or increases in import duties designed to provide for fair and reasonable competition between foreign and domestic articles could be made by the Tariff Commission either upon its own motion or upon application of any person or groups showing adequate and proper interest in the duties in question, is subject to one proviso, that is:

That no change in any import duty would be ordered by the Commission until after it had first conducted a full investigation and presented tentative proposals followed by a public hearing at which interested parties had full opportunity to be heard.

RIGHTS OF INDUSTRIES PROTECTED

Mr. President, all the elements of fairness under our Republican procedures are outlined here.

Full investigation, public hearings, the right of petition, all are present, and the criteria for adjustments assures that one reasonable objective would be accomplished—industries would be granted equal access to our markets, only that and nothing more.

As I have said, Senate bill 404 and the amendment now offered includes all materials, and all products.

Senate bill 400, which I also introduced and which is pending before committee, embodies the same principles and safeguards with respect to critical and strategic minerals and materials, including petroleum, petroleum products, or other liquid fuels.

Mr. President, the amendment I have offered is legislation to protect and strengthen American interests, on a fair and reasonable basis which, for the first time in history, would make of the Trade Agreements Act a trade act truly realistic and "reciprocal" insofar as it applies to this field.

As the senior Senator from Nevada has pointed out many times on this floor, the word "reciprocal" does not appear in the title or body of the act of 1934. It was not a reciprocal trade bill and was never intended to be. It was a bill to cut tariffs and to give foreign products an advantage in our markets not shared by the American producers against which the foreign suppliers were competing.

It was a bill to divide our markets among the slave-wage nations of the world.

H. R. 1 NOT RECIPROCAL

There is nothing reciprocal in the Trade Agreements Act of 1934, in any of the extension acts, or in H. R. 1.

The legislation I propose would encourage true reciprocal trade.

It would encourage it, but whether or not it would actually bring it about would depend on our subservience to GATT, or to its successor agency, the OTC or the 1955 edition of ITO.

It would encourage true reciprocal trade in one field, directly related to our national defense, and if we are to have true reciprocal trade generally the senior Senator from Nevada would prefer passage of his bill S. 404.

That has now been offered, as I have previously explained, as an amendment in the nature of a substitute for House bill 1, and will be brought up tomorrow for debate and vote.

GREEN LIGHT GIVEN ADMINISTRATION BELLS OVER SENATE MEASURES

S. 404 is pending before the Senate Finance Committee, and has been pending before it for some time.

The senior Senator from Nevada well understands, however, that in the modern concept of the relationship between the executive and legislative branch, administration-sponsored measures seem to take precedence over legislation introduced by mere Members of the Senate or House of Representatives.

When a bill is introduced by a Representative or Senator on his own initiative, it is more likely than not to be opposed by whatever administration happens to be in power.

An example of that is the recent tax bill.

H. R. 1, which has administration backing and which is in no sense a reciprocal trade bill, therefore has been given the green light or right of way, while S. 404 has lain dormant, at least until the present, when I am offering it as an amendment in the nature of a substitute to H. R. 1.

S. 404 declares a policy, and I quote:

AN AMERICAN POLICY FOR AMERICANS

It is declared to be the policy of the Congress—

(a) To facilitate and encourage the importation into the United States of foreign goods and products in quantities sufficient to supply the needs of the United States;

(b) To foster and provide for the export of the products of American industry and agriculture in quantities sufficient to pay for the needed imports;

(c) To develop and promote a well-balanced, integrated, and diversified production within the United States so as to maintain a sound and prosperous national economy and a high level of wages and employment in industry and agriculture;

(d) To provide necessary flexibility of import duties thereby making possible appropriate adjustments in response to changing economic conditions;

(e) To assure the accomplishment of these objectives by returning to and maintaining hereafter in the United States the control over American import duties now subject to international agreements.

Mr. President, this is a sound policy. It is an American policy for Americans.

ABRAHAM LINCOLN'S TARIFF POLICY

It is a policy similar in many respects to the Republican platform plank of 1860 on which Abraham Lincoln ran and was elected.

That plank read:

That, while providing revenues for the support of the general government by duties upon imports, sound policy requires such an adjustment of these imports as to encourage the development of the industrial interests of the whole country;

And we commend that policy of national exchanges which secures to the workingman liberal wages, to agriculture remunerative prices, to mechanics and manufacturers an adequate reward for their skill, labor, and enterprise, and to the Nation commercial prosperity and independence.

Mr. President, the policy objectives of my amendment parallel the pledges of the Republican platform of 1860 on which Abraham Lincoln ran and was elected.

"Commercial prosperity and independence" was the Republican promise and Abraham Lincoln's objective in 1860, and commercial prosperity and independence is what American industry, workingmen and investors ask today from this administration.

INDEPENDENCE LOST UNDER GATT

Instead of independence we have GATT, 34 nations meeting in foreign lands to devise ways of wiggling into our markets, displacing our industries and workers, and disrupting our economy.

Instead of commercial prosperity for the whole country we have distressed industries, closed mills, mines and factories, and 144 distressed areas.

Instead of developing the industrial interests of the whole country, we have a scheme to destroy certain segments of our industrial economy on the theory that if we enable enough industries to be destroyed by imports the surviving industries will export more of their products.

This is the theory, held by the State Department and free traders for 22 years, that if you cut off a leg, you will be better off because the other leg will grow stronger.

If you cut off an arm, that will be dandy, because the muscles in the other arm will get bigger; and if you put out one eye you will see better with the other. If you put out both eyes that is better yet, because it will improve your sense of smell.

If we destroy our textile industry, these free trade theorists argue, we will sell more raw cotton, and if we destroy the coal industry we will sell more apples, because soon unemployed coal miners will be selling apples on the street.

DESTROY SELVES TO STRENGTHEN ALLIES

Destroy American free enterprise and our foreign friends will have less competition in American markets and so be firmer allies.

Of course these theories disregard the fact that 89 percent of all the trading nations in the world—and all of the important ones except Canada—impose import or exchange controls, or both, on what we ship to them.

This means that the foreign governments in these countries control what their nationals can buy from us, simply by granting or withholding import licenses and exchange permits.

This further means that foreign buyers can buy from us only what their governments think is necessary to acquire from the United States, or what we have bribed these governments to accept.

TRADE SUBSIDIZED BY BRIBES TO FOREIGN NATIONS

Since World War II we have given them bribes totaling more than \$50 billion under pretexts, to induce those countries to accept goods that our taxpayers have already paid for.

The foreign countries have been getting away with this through a species of blackmail, threatening to go Communist if we attempt to return to a principle of fair and reasonable competition in foreign trade.

So long as they can get away with this they will do so, with the encouragement of our State Department.

When we return to a principle of fair and reasonable competition with flexible duties based on the cost comparisons I have outlined previously, this blackmail will cease.

Foreign countries will still sell to us the things we need and do not produce at home—two-thirds of our imports, including coffee, tea, tin, copper already come in duty free.

Foreign countries will have equal access to our markets on articles we both produce, the difference in production costs equalized by tariffs.

MAKE FOREIGN NATIONS EARN TARIFF CUTS BY RAISING WAGE STANDARDS

Foreign countries will be able to earn tariff reductions by improving their own wage and living standards.

America will continue to ship to foreign countries the commodities these countries require or need for their own economy.

America's principle of fair and reasonable competition may afford an example to foreign countries.

America's industries, investors, and producers will be given an equal opportunity to enjoy our own markets with other nations of the world, and again will enjoy commercial prosperity and independence.

I say that because when a tariff or a duty is adopted on the basis of fair and reasonable competition, it means that when the living standards and wages and costs are raised in the foreign competitive nations, then the duty on a par-

ticular product will be decreased when the people of the competing nation are living on about the standard we are living on, and free trade will be the automatic and immediate result.

Senate bill 404, which I am offering as an amendment to H. R. 1, aims to achieve this goal of commercial prosperity and independence for the whole country.

AMENDMENT ADOPTION WOULD END TRADE PACTS

The amendment would authorize and direct that at the earliest practicable date all foreign trade agreements be terminated.

On termination of such agreements import duties established under section 350 of the Tariff Act of 1930 would be restored.

Reductions or increases of import duties thereafter would be on the principle of fair and reasonable competition based on the same criteria as that which I outlined previously.

SAFEGUARDS DESCRIBED

There are several additional safeguards, however.

Section 337 of the Tariff Act of 1930 declared that unfair acts in the importation of articles which tend to destroy or substantially injure an American industry which is economically operated shall be unlawful.

This amendment would provide that when an unfair method or act of this nature is established to the satisfaction of the Tariff Commission, it shall have power to direct the exclusion of such articles from entry into the United States.

QUOTAS PERMISSIBLE

The Commission, likewise, would be empowered to impose quantitative limits on the importation of foreign articles in such amounts as it finds necessary to effectuate the purposes of the act.

Mr. President, the purpose of this provision is to give manufactured products of American industry a measure of the same protection now enjoyed by many of our agricultural products under section 22 of the Agricultural Adjustment Act, and section 8e of the Agricultural Marketing Agreement Act of 1937.

The senior Senator from Nevada supports these acts as he supports all legislation to safeguard American interests, American jobs, American industries, and American producers.

The senior Senator from Nevada supports the principle of Abraham Lincoln's platform which pledged to agriculture "remunerative prices" at the same time it pledged "to encourage the development of the industrial interests of the whole country."

INDUSTRY ENTITLED TO SAME SAFEGUARDS AS AGRICULTURE

Manufacturing and resource industries, in the opinion of the Senator, are entitled to the same safeguards that agriculture enjoys today, and that is the reason for the provision I have outlined above in both of my amendments.

Freetraders want no safeguards at all for either agriculture or industry.

To all practical purposes they have been successful in removing the tariff safeguards which for 150 years encour-

aged American manufacturing and resource industries to develop and expand.

Their next target is agriculture.

Foreign competitors are aiming at this target right now.

They opened fire on American agriculture at the recent GATT sessions in Geneva.

While they won no immediate victory, they did win a reluctant promise from the State Department of ultimate success.

GATT VERSUS UNITED STATES AGRICULTURE

Here is a news dispatch from Geneva, Switzerland, dated March 7.

It starts out by saying:

The 34 member nations of the General Agreement on Tariff and Trade (GATT) have granted permission for the United States to continue to impose quantitative restrictions on certain agricultural imports. It was learned here today.

Mr. President, I interject at this point of the dispatch to ask: "Who and what is this GATT that it has power to grant 'permission' to the United States, its farmers or the Congress, to carry out a law that is on our statute books? What kind of super-sovereign power is this that it can conceive the power to grant or withhold permission to the United States to obey its own laws?"

FOREIGN "RETALIATION" APPROVES

I continue to quote from the Geneva dispatch, which reports that we have GATT's provision to carry out our own laws with respect to agricultural imports. The second paragraph reads:

But the members also gave other countries permission to retaliate and seek compensation if affected by the restrictions, which are contained in section 22 of the United States Agricultural Adjustment Act.

So GATT also extends its sovereignty over the other nations of the world and gives them authority to seek compensation. From who? Why the United States, of course.

Paragraph 3 of the report reads:

This section (section 22) mainly concerns imports of dairy produce and has led to clashes with several nations in the past. Holland once retaliated by slashing imports of wheat from the United States.

STATE DEPARTMENT APPEASES GATT WITH PROMISES

And here is the pay-off paragraph that tells what our State Department, which has representatives attending GATT, has been doing over there.

I quote:

The United States is understood to have assured GATT that it will end any restrictions under the act as soon as they are no longer needed, and consult with interested countries before taking further action.

Mr. President, who in the United States has power to assure GATT that section 22 of the Agricultural Adjustment Act will eventually be set aside?

Who has the presumption to say that the Congress of the United States which passed the Agricultural Adjustment Act and has frequently extended it, is going to repeal section 22 at some future date?

Who is presuming to make our laws or change our laws or repeal our laws outside of Congress, when they are laws passed by the legislative branch of our Government?

Who presumes to be the "United States" when huddling in secret with representatives of 33 foreign nations in Geneva?

AUTHORITY OF STATE DEPARTMENT QUESTIONED

The State Department cannot do it, because it is no part of the legislative branch.

Congress has not done it, because it is not represented at Geneva, and has never recognized GATT in the first place.

But here we have some superauthority which presumes to be the United States assuring GATT at Geneva, according to this report, assuring GATT that it will end any restrictions under section 22 of the Agricultural Adjustment Act as soon as they are no longer needed.

Who is to determine if and when the safeguards under section 22 of the Agricultural Adjustment Act are no longer needed?

The foreign countries participating in GATT?

The State Department, which is the agency of the executive branch of our Government that has been involved in GATT?

The President, to whom Congress delegated certain powers, unconstitutionally in my opinion, in the Trade Agreements Act of 1934?

Who?

ONLY CONGRESS HAS AUTHORITY TO ALTER OR REPEAL SECTION 22

Mr. President, no administration and no executive department in our Government has any authority to repeal section 22, or to give assurances to any international agency that the provisions of that section will not be carried out.

No one in Government or outside of Government can give GATT or any other international organization assurances of what Congress will or will not do in the future with respect to a legislative act that the legislative branch of government has passed.

STATE DEPARTMENT DELUDES ITSELF

Mr. President, in the opinion of the senior Senator from Nevada, this State Department of ours has just grown too big for its britches and has developed delusions of grandeur unsuited to a nation established on republican principles of government.

We still have a constitutional government, Mr. President, with three independent and coordinated branches, and no official of the executive branch has authority to give assurances to any international agency as to what Congress will or will not do.

Mr. President, the State Department has been suffering delusions of grandeur for some time and has long conceived itself omnipotent with superpower over both our political and economic affairs.

The senior Senator from Nevada was first to point this out in a floor speech delivered on July 12, 1949, during debate on the North Atlantic Treaty which was promoted as a blueprint for world peace and security, but which was in reality a device by which we would beef up the empire-minded nations and their colonial systems at the expense of the American taxpayers.

Dean Acheson was then Secretary of State and Willard L. Thorp was Mr. Acheson's Assistant Secretary.

In my floor speech of July 12, 1949, I quoted both Mr. Acheson and Mr. Thorp. I quoted a statement by Mr. Acheson that, and I again quote Mr. Acheson:

It is hardly possible any longer to draw a sharp dividing line between the economic affairs and political affairs.

That is Mr. Acheson, our then secretary of political affairs, as it is called in some countries, or Secretary of State as we call the office here. Continue Mr. Acheson:

Each complements and supplements the other. They must be combined in a single unified and rounded policy.

Mr. President, this is the type of thinking by which the State Department, or department of political affairs as it is known in some countries, Switzerland for example, presumes that it can repeal, or set aside, an act of Congress or a provision in an act of Congress, specifically section 22 of the Agricultural Adjustment Act.

STATE DEPARTMENT APPARENTLY UNCHANGED

The same presumption apparently exists today in the State Department as existed 6 years ago during the tenure of Mr. Acheson.

In his floor speech of July 12, 1949, the senior Senator from Nevada pointed out that "there positively cannot be a bipartisan foreign policy without extending it to national economic affairs" under this concept of the State Department.

This is equally true today if the State Department presumes that it has the power to promise an international organization such as GATT that in due course a vital act of Congress such as section 22 will be waived, ignored, or set aside.

It is significant also, that as far back as 1949 the State Department was plugging the International Trade Organization or ITO, which was turned down promptly by committees of the House and Senate when it was sent up to the Congress.

DISCARDED ITO TO BE REBORN

Now a new ITO is to be sent to the Congress, this time as an international organization for trade cooperation, or OTC.

The State Department never gives up in its efforts to subordinate the national economy and the Nation's trade and commerce to an international organization, where it can make promises of the end of safeguards such as section 22 of the Agricultural Adjustment Act provides for the farmers of our Nation.

ITO, as I stated previously, did not become effective when it was repudiated by the appropriate committees of the House and Senate.

When the United States did not join, none of the other nations did either. Instead they preferred to carry on their work of dividing the markets of the United States between them through ITO's twin, called GATT, which never has been submitted to the Congress.

NEW GLOBAL AGENCY TO DIE IF UNITED STATES DOES NOT JOIN

The new ITO, or OTC, or IOTC, or IOT, whichever initials the State Department may seek to apply to it, is intended to absorb both GATT and original ITO provisions.

In a report from Geneva on the plan the Associated Press states significantly, in a March 21 dispatch:

Failure either of the United States or the United Kingdom to ratify the agreement would mean that the new organization would not come into being.

Of course not.

In the opinion of the senior Senator from Nevada the new organization will not come into being if the United States does not ratify the agreement, regardless of what the United Kingdom may or may not do.

These hungry nations are not concerned with British markets. It is the American market they are after.

The Associated Press report from Geneva adds another significant paragraph or two. It states:

Samuel C. Waugh, Assistant Secretary of State for Economic Affairs, signed the agreement today along with six other protocols of amendment and declaration growing out of the 4-month meeting of GATT members.

Mr. Waugh said it was the plan of the administration to present the new agreement to Congress for ratification "at the earliest possible date" after a decision had been taken by Congress on the bill to extend the Trade Agreements Act.

Mr. President, if the present act is extended, it will not be necessary to do anything with the other organization. If we pass the pending bill, we approve GATT. If we reject the bill, GATT will not be injured; it will continue in force as before. That is the kind of subterfuge which has been going on for 22 years.

CONGRESS EXPECTED ONLY TO RUBBER STAMP STATE DEPARTMENT DEALS

None of the 6 protocols which Mr. Waugh is reported to have signed are to come before the Congress.

In other words, Mr. President, Congress is supposed to rubber stamp the State Department scheme in advance by passing H. R. 1, and without knowing any of the terms or provisions on which it is acting.

If Congress should enact H. R. 1 we will have OTC or GATT controlling our international trade and commerce regardless of whether the organizational provisions of the international agency are sent to Congress.

STATE DEPARTMENT BEING GIVEN BLANK CHECK

Mr. President, Congress is being asked through H. R. 1 to give the executive branch, and the State Department, a blank check to remake the economy of America in collusion with 33 foreign countries, all greedy for our money and our markets.

We are asked to give a blank check without any knowledge of how or in what amounts the State Department intends to fill it out, or whether, when it does fill the check out, it will injure or bankrupt our economy.

Mr. President, I ask unanimous consent at this time to have printed in the Record excerpts from my address of October 29, 1949, outlining the same subject and in much the same manner as I have done today. The excerpts are marked in this reprint of the debates in 1949 with reference to the Trade Agreements Act. This is not a new thing at all. It was recognized for exactly what it is, and it has been continued at our own risk. So I ask unanimous consent to have the marked excerpts included at this point in the Record.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

TRADE AGREEMENTS ACT THREATENS WAGE STANDARD OF AMERICAN WORKERS

Ever since 1934, and particularly since World War II, the purpose of the administration of the Trade Agreements Act by the Democrats has been to prostitute the tariff policy of this Nation to bolster up a makeshift foreign policy—a policy dominated by others than Americans, and by persons whose interests are quite different from those of the American citizen.

Again and again we find evidence that the operation of the 1934 trade-agreements program was, in effect, a foreign-aid program, designed to throw millions of American workers into competition with sweatshop labor.

It is obvious that the nations involved in these trade agreements naturally desire to swamp American markets with low-priced imports in their all-important pursuit of the American dollar. I am not saying that this is their fault, but neither is it ours.

The tariff and import-fee policy of any nation has only two legitimate functions: First, to raise revenue; and second, to protect the jobs of its citizens. To use the tariff policy as a diplomatic pawn is to betray the economic security of the workingman.

The makers of our foreign policy have tried to frighten the Congress into subordinating the people's health and welfare to their international chess game.

It is not only bad economics, it is bad statesmanship, to weaken the security of the American worker, because today in this troubled world there is an extraordinary reason why America's productive processes should be maintained at full flood, namely, the need for security against any military threat from anywhere.

The argument that our economy must be weakened to placate or buy the friendship of any other nation is stupid. Strong nations never want for friends.

The American Nation is in great need of an American tariff policy, one which reflects the traditional policies and objectives of the American people.

Under the guidance of our State Department we are pouring out billions of sound dollars to maintain a hopelessly artificial world economy built on stage money. In so doing we are helping no one, and only prolonging the eventual return to reality.

There is much evidence that the peoples of the world are more conscious of this fact than are the politicians. It is certainly true of large segments of the American people, and only a few days ago a Scripps-Howard reporter sampled the man on the street in London—the people who would be considered to have benefited most. As I recall the various interviews reported in the story, not a single person favored accepting additional transfusions from the United States. Yet, here we are debating

the renewal of a politically controlled imitation of sound world trade.

AMERICA IS IMPORTING UNEMPLOYMENT

As Members of the Senate we are inevitably called upon to pass judgment upon technical matters which, in their detail, are beyond our knowledge and experience. In such cases we must seek the principles that underlie the problem and anchor our judgment to those fundamentals which we know to be true.

In foreign trade there is one principle that stands head and shoulders above all others, namely, every time we import something without exporting its equivalent, we are importing unemployment. Every British automobile that comes into America means about a thousand hours of unemployment, unless those hours are used to produce something that a foreign customer will buy.

We should be truly sorry for the pottery workers of Czechoslovakia and the watchmakers of Switzerland, but I am even sorer for the idle pottery workers of Ohio and Arkansas and the watchmakers of New England.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Missouri.

Mr. DONNELL. Would the Senator be willing to comment on 2 sentences in the communiqué which was issued yesterday at the conclusion of the Anglo-American-Canadian financial talks, the 2 sentences being as follows:

"It was agreed that the United States and Canada should reduce obstacles to the entry of goods and services from debtor countries, in order to provide as wide an opportunity as possible for those countries to earn dollars through the export of goods and the provision of services, including tourism."

Then somewhat further along in the communiqué:

"There had already been significant and substantial reductions in United States tariffs during the last 15 years. The policy of the United States Government was to seek further negotiation of trade agreements through which additional reductions might be made, within the framework of the Reciprocal Trade Agreements Act."

Would the Senator care to comment on those two observations, issued yesterday, as I have indicated?

Mr. MALONE. Mr. President, I would say that was simply another approach. In the past 2 or 3 years we have learned more different approaches, camouflaged approaches, to the markets of the United States, than I thought were available. When we consider the statements which have been made by leaders of European nations—England, for instance, because they seem to be taking the lead—every statement leads to an open door to United States markets. So, whatever the approach, just watch it long enough and it arrives at a method of entering the United States market.

In my opinion there are simply two reasons for this financial conference at this time. First, as I said before, it is something to direct attention from one of the most important happenings on the Senate floor in a century, namely, our deliberation over whether we will have free trade, whether we will take down tariff barriers and let the American workingman take his chances with the slave labor and the low-cost labor of Europe, Asia, Africa, and South America, or whether we will adopt some procedure through which he can be protected in his job while we are helping the other countries to raise their standards. So, every statement the leaders of foreign nations make, every approach they take, if analyzed, will be found to lead to easier entry to the markets of the United States and to the sharing of those markets.

As I have said before today, at the time of the meeting in San Francisco where the United Nations was formed, everyone had high hopes for the success of the new venture. It was my good fortune to meet nearly all the representatives from South America, Asia, Australia, New Zealand, and other nations. It has been my observation that if the United States is to have any trade future, it will be in South America and Asia, it will not be in old Europe, because in old Europe the people are producers, they are processors and manufacturers of goods; and that is what we are here in the United States. Asia and South America produce raw materials, so that our opportunity for trade is much greater in South America and in Asia than anywhere in Europe.

The same thing is true with respect to England. Of course, England is going to trade with Russia. All the subterfuge, and all the denials and everything else we do or say in connection with every loan we make, to the effect that the other country is not to be allowed to do thus or so, makes no difference. They are doing it. They go to the State Department and secure permission to go ahead. The Senator from Missouri is entirely familiar with all the trade treaties which have been made between the 16 Marshall-plan nations of Europe and Russia and the other countries behind the iron curtain.

So after they have used our money—and this is the second year we have furnished them money—used the Marshall-plan money and the ECA money to rehabilitate their plants, to buy raw materials, to do everything necessary to boost up their manufactures, for which we are largely responsible, what do we hear? We have heard debated on the Senate floor, and we have read in the newspapers statements put out by the State Department, that all that was necessary for the European nations to do in order to recover, was to produce. We have heard it said that production was the thing necessary in order for the European nations to solve all their problems. We have heard it said that they should greatly increase their production, double their production, in order to save themselves. That is the goal of most of those nations. Some are above 140 percent of prewar production now. Few are below 110 percent, except such countries as Italy, Austria, and Germany.

What has happened? The nations of Europe have taken our advice. They have taken our money and are producing. Where will they have to sell what they are now producing? They will have to sell it in the United States. So the chickens are coming home to roost.

I will again say to the Senator from Missouri that every approach, whatever it looks like—it may even be camouflaged with a sheet over its head, but if we pull the sheet off we find that the nations of Europe are after the markets of the United States and, of course, of Canada also.

Mr. DONNELL. Mr. President, will the Senator yield for one more question?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. Does the Senator think that this sentence in the communication issued yesterday, on the conclusion of the Anglo-American-Canadian financial talks, tends to corroborate the view the Senator has suggested:

"This would require that the sterling area increase its dollar earnings so as to pay its way by 1952. This would require in the sterling area the creation of appropriate incentives to exporters to the dollar area and a vigorous attack upon costs of production to enhance the competitive position of sterling area products."

Mr. MALONE. Mr. President, I will say to the distinguished Senator from Missouri that the ones who wrote those words have used a considerable amount of language to say only thing, which is that they must sell more to

the United States of America to get the dollars they think they need. I ask he distinguished Senator if he can make anything else out of it.

Mr. DONNELL. It seems to me perfectly clear that what they are getting at is exactly what the Senator from Nevada says, namely, a widening of markets for European products, the markets somewhere in the dollar area, which would enable them to collect dollars, and that would certainly seem to me to include the United States.

Mr. MALONE. There is also no question in my mind that the administration, through the State Department of the United States as it has long before this agreed, has agreed again to divide the markets of the United States with the sterling area.

Mr. DONNELL. Mr. President, will the Senator again yield?

Mr. MALONE. I yield.

Mr. DONNELL. I will state, if I have not already stated it in the RECORD—I think I did—that what I have been reading from is the text of the joint communiqué issued yesterday on the conclusion of the Anglo-American-Canadian financial talks, in which Great Britain, Canada, and our representatives, as I understand it, concurred.

Mr. MALONE. I will say to the distinguished Senator from Missouri that there can be no question that his conclusion is a correct one. They have come here for two reasons. One is further to break down the barriers with more secret talks and agreements. The Senate is not informed of all the agreements which have been made. The effort is made to divert the public attention from the floor of the Senate of the United States, where, as I have said before today, the subject which is being discussed now is one of the most important subjects to be discussed in a hundred years. Why? Because we have now arrived at the crossroads, and we must take one course or the other. We cannot be on both sides of this question. We must take either one side or the other. If we take one side we must be in favor of dividing all the markets with the nations of the world in the manner done hitherto under the 1934 Trade Agreements Act—which means what? It means a lowering of the tariffs and the import fees below the differential in cost of production, with the resultant lowering of wages; so the workingman must make a choice. Of course, large groups of men are working now. Conditions are not like they were a hundred years ago, when comparatively few men were working. The workers are not all obliged to cease working at once. Our men are competitive workers. They will stay at their work for quite a while. But finally comes the time when the question is, "Either you have to take a reduction in wages or we will have to quit producing." We are getting to that point now in the United States. Business failures are today increasing beyond what they have been at any time since a considerable period before World War II. American workmen are going out on the street. It is not a question of whether or not they are going to go out on the street. They are now on the street.

So I say, Mr. President, that every time we import something which can be produced by the labor of America, we are importing unemployment. There are no two ways about it. It does not add up to anything else. So I say to the Senate of the United States that in my opinion there are no two sides to this question. We cannot be on both sides of such a question. Sometimes amendments can be suggested, and temporary steps may be taken so as to make a situation appear to be all right. But unless we stop this thing head on we shall be in a bad way. When a football player is running down the field with a ball a proposal to amend him will do no good. He must be stopped in his tracks before he gets

to his goal. We must stop this trend in its tracks now. I predict again that if we do not stop this thing on the Senate floor, if we extend the 1934 Trade Agreements Act, not only will there be amendments offered by the distinguished Senator from West Virginia [Mr. KING] to prohibit the importation of hand-made pottery and glass, not only will there be an amendment to place a quota on oil of 5 percent, but other amendments will be offered. Of course, no one can tell what is the right figure to use respecting oil, but we know we cannot continue to permit the importation of oil into the United States below our own cost of production.

In addition to the amendments I have mentioned, there will be an amendment to put a quota on furs, which the distinguished Senator from Wisconsin has already offered. There will be so many amendments offered that the Senate will not have anything else to do for a considerable time but to act on the amendments which will be offered.

The distinguished Senator from Wisconsin [Mr. McCARTHY] earlier this afternoon said that a manufacturer in his State suggested that he might transfer his plant, which manufactures heavy machinery, to a certain foreign nation, with the help of the point 4 guaranty of his investment, and under free trade he would send goods manufactured abroad to the United States, as well as sell his goods over there. The Senator asked me what effect my amendment would have on such a transfer of this businessman's plant to Europe. It would have a very simple effect, that is, if we adopted the plan of the flexible-import-fee principle, he would only compete with his own factory in Wisconsin on a fair and competitive basis.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MALONE. I am glad to yield to the Senator from Washington.

Mr. CAIN. If I have been correctly informed, the Senator from Nevada has maintained that no trade agreements have actually been signed under the Trade Agreements Act of 1934.

Mr. MALONE. I know of none, I will say to the distinguished Senator from Washington. The Trade Agreements Act does not provide for, or at least the Department of State has not undertaken, so far as I know, to enter into any trade agreements. The Department agrees to lower a tariff or an import fee. That is not entering into a trade agreement.

Mr. CAIN. In the opinion of the Senator from Nevada, that is not entering into a trade agreement?

Mr. MALONE. No.

Mr. CAIN. The point is that merely agreements are reached to lower tariffs, but no trade agreements have actually been made.

Mr. MALONE. That is true. I would say to the distinguished Senator from Washington that trade agreements are not being made. Agreements are made to lower tariffs and import fees. I think this is done without knowledge of what the effect is going to be. It is being done without regard to what the result will be whatever. I say that deliberately because of the extent to which the tariffs have been lowered, without any regard for the differential in cost of production or differences in wages and living standards in this country and in the country where the chief competition is located.

AMERICAN TUNGSTEN INDUSTRY WIPED OUT BY LOWERED TARIFFS

So it is not a question of a trade treaty. A trade treaty implies that we trade something—as England did with the Argentine, and with Russia. Those are trade treaties. We do not make trade treaties. We agree to lower a tariff, and we do not know where the chips are going to fall. We lowered the tariff on tungsten. It so happens that steel cannot be made without tungsten. Before

the war, by virtue of a tariff of 50 cents a pound, we were producing about 45 percent of the domestic consumption of tungsten. No one paid very much attention to it. An import fee of that nature does not keep out imports. It merely brings them in at our level of cost, and everyone stays in business.

The war came on, and tungsten shipments from Burma and China, which are the greatest producers and suppliers, stopped. By virtue of the fact that we were in the tungsten business, production was speeded up by an increase in the price, and we became self-sufficient in the production of tungsten for war purposes. If we had been out of the tungsten business, and the miners had been scattered, we could have lost the war for that reason alone.

The tariff was reduced from 50 cents a pound to 38 cents a pound, which almost immediately shut down every tungsten mine in the United States with the exception of 2. Now all are closed except 1, and it is expected to close very soon.

In conversation with a State Department official he informed me that, "We did not lower the tariff very much. It was lowered from 50 cents a pound to 38 cents a pound." My answer was, "No; you did not lower it very much; but if you took a blowtorch and cut 2 feet off the end of the Potomac River Bridge you would not cut very much off it, but you would have no more bridge." So we have no more tungsten business in the United States.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. CAIN. Was not the so-called escape clause designed to correct domestic catastrophes such as the one to which the Senator has referred in the case of tungsten? It was not the intention of anyone, was it, to close the tungsten operations in this country?

Mr. MALONE. I think the escape clause was a compromise which was inserted because of the demand of Congress that something of that nature be put in the act; but the procedure is very complicated. The distinguished Senator from Colorado [Mr. MILLIKIN] explained how the escape clause is supposed to operate. Roughly, this is the way it is supposed to operate: One can make application, if he can get by the State Department; but the tungsten producers could not get by the State Department. They did not even apply under the escape clause. But if an effort is made to invoke the escape clause, that opens up the entire subject. The treaties which we entered into are not bilateral, but multilateral. We make a treaty with a certain nation and then immediately, under our multilateral system, every other nation in the world has the advantage of whatever we give to the nation with which we make the treaty. In many cases we have not dealt with the principal supplier. We have dealt with an insignificant supplier, and the principal supplier came in and obtained the same reduction.

But if the State Department does accept an application, and goes through with it, and attempts to invoke the escape clause, under the multilateral system every other nation which benefits from that treaty can also escape from everything which affects it. So in the long run it is not practical. That is what the State Department officials and others have explained. To my knowledge the escape clause has never been invoked. In other words, a producer can close down his business, but he is not able to prevail on the State Department to invoke the escape clause.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. DONNELL. Will the Senator be kind enough to state his interpretation of this further language in the joint communiqué issued yesterday by representatives of the

three governments, namely, Great Britain, Canada, and the United States?

"There was agreement that one of the ways in which the competitive position of United Kingdom products might be improved, was by a widening of the area in which such products competed freely with those of other countries."

At the conclusion of the statement appears this language:

"In summary the Ministers of the three countries concerned are satisfied that a real contribution to the solution of the sterling-dollar difficulties has been made by the conclusions recorded above. They are confident that, with sustained efforts on all sides and with the seizure of every opportunity by sterling-area exporters to enter into and remain in dollar markets which are open to them, there is the prospect of reaching a satisfactory equilibrium between the sterling and dollar areas by the time exceptional dollar aid comes to an end."

Will the Senator be kind enough to state his interpretation of those two statements?

Mr. MALONE. If the Senator from Missouri will permit me, I should like to say, as I previously stated, that it is another camouflaged approach to entry into the markets of the United States. When they are ready to increase their exports, the effect of that statement will be only one thing. That is nice language. It is not the language I would use as an engineer if I were to write about it, if I wanted anyone to understand it.

Mr. DONNELL. Has the Senator any objection to saying what language he would use?

Mr. MALONE. I should say, "Just drop the bars down, boys, and come on in." In other words, our workers who receive \$8, \$10, \$12, or \$14 a day will be competing with workers all over the world who receive \$2 or \$2.50, as well as with slave labor which receive 50 cents, which is a big wage for that kind of labor. We are placing the workingmen of America up against that sort of competition, and the language does not help.

Mr. DONNELL. Can the Senator inform me whether or not this communiqué has been placed in the RECORD today?

Mr. MALONE. I am not sure.

Mr. DONNELL. Would the Senator object if I were to ask unanimous consent at this time to have the communiqué issued by the three powers printed in the RECORD at the conclusion of the Senator's remarks and all colloquy relative to those remarks?

Mr. MALONE. I shall be very glad to have it printed in the RECORD.

Mr. DONNELL. Mr. President, I ask unanimous consent to that effect.

The PRESIDING OFFICER. Without objection, the communiqué will be printed in the RECORD, as requested.

Mr. MALONE. Mr. President, there is no question that there is only one objective. There has never been more than one objective. I refer to what I called it at San Francisco. After we had finished there, I came east, through Denver. A reporter came to me and asked, "What do you think of the negotiations?" He spoke in a breathless manner. Everyone was approaching this question in a breathless manner. We were going to settle the problems of the world and have perpetual peace. I said to this reporter, "There were 49 nations at San Francisco. Forty-eight of them had market baskets under their arms, and the United States was the only Nation which had anything to put in them. What do you think?" I still think so.

Every country needs and should have sound international trade, but such trade cannot be built on discriminatory tariffs, artificial rates of exchange, and political rather than economic considerations.

Of particular importance is the over-evaluation of foreign currencies.

There might be some temporarily disconcerting results if all currencies were to settle down to their true values, but it would be no worse than the sword of uncertainty that now hangs over the British pound.

If we stop to think we realize that money plays no part in foreign trade. It is an exchange of products which are simply measured in money.

It is the goods content of any currency—its buying power at home—that determines its value. What determines the value of the dollar is its buying power at home; and that would determine the value of the pound sterling if it were let alone. If we let it alone for a little while, if we quit putting the dollar behind it by way of gift loans to bolster the false value, it would find its level very soon.

TRADE SHOULD HELP OTHERS WITHOUT HURTING US

We must trade with the entire world, but do so on a basis that helps the other fellow without hurting us.

There should be no such thing as high or low tariffs; there should be only proper tariffs flexibly arrived at to insure fair and reasonable competition. This is not a 6-month job. It is not a year's job. It is a job for generations.

What should we do about England? What should we do about the others? We must do our honest best to help the world to permanent economic stability.

There is one certain way which will fail to do this—by continuing to weaken ourselves.

The answer to prosperity for the Asiatic coolie is not poverty for the American worker. We must help all workers to start upward, not drive ourselves down.

This would protect the American worker and be a constant inducement for the countries which now exploit their workers to set their living standards more nearly on the American level. This would be a great boon to foreign labor.

In other words, Mr. President, during the present debate on this floor it was pointed out that when we lower the floor on wages or when we have a fixed tariff or fixed import fee which cannot be changed for 3 years, the incentive for other countries is to lower their costs and lower their wages, drive their workers down, in their standard of living, so as to reduce total costs and be able to come under the fixed tariffs. But if the tariffs had flexibility and were administered under a foreign-trade authority, as I suggest, which would be only the present Tariff Commission, but would be working in that field, the flexible import fee would take care of that situation. Then, when a nation tried to lower the wages of its workers, when it found that it was simply paying the difference into the Treasury of the United States, it would soon decide that it might as well pay that money to its own workers, instead of to the United States Treasury. In that case, all the nations would be working with us, instead of against us. In my opinion, that is what we must do if we are ever to make any progress in this world in respect to bringing about higher standards of living.

For example, if a nation knew that cut-price merchandise could not be sold in America, the price could be safely raised, and so could the wages of the workers who made the goods.

The extra price would also finance the purchase of machinery which would enable the workers to produce more with less time and effort.

In this country we have about 7 horsepower of electric energy for every worker. That fact is rarely mentioned. Workers in other countries have, in some instances, less than 2 horsepower per worker, and in some countries the workers have no electric energy at all available to help them. Of course, both the tools and the horsepower available

to each worker increase the worker's production.

Mr. President, it is impossible to do in 3 or 5 years the job of raising the standards of living all over the world. It is impossible for the other nations to be able to build and finance great projects of this sort in a limited period of time. So we are talking about the work of generations—25, 50, 75, or in some cases 100 years. Think of the Chinese coolies. In China, I was fortunate enough to be able to go pretty well over the country. I was in Peking when the Communists were said to be 8 miles away from the city. They were the so-called agrarian Communists, that we heard about for so long. I was in a camp with General Fu and with a number of other Chinese generals. Without going into detail, let me point out that around Shanghai we saw Chinese coolies going up and down the canal bank, each with a long bamboo pole across his shoulders. Those coolies would go along the canal 10 or 15 miles, at a dog trot, carrying heavy burdens balanced on the ends of those bamboo poles. After carrying one heavy burden for 10, 15, or perhaps even 20 miles, they would deliver it at its destination, and then would pick up something else. Such labor scarcely can be said to result in a standard of living. Mr. President, we are about the only nation in the world that can have a real depression without having its people starve to death.

The promise of British prosperity did not come from the American worker, who is now paying the bill. It came from the British politicians; and its fulfillment is not, and cannot, be the responsibility of our people, who now are making the sacrifices that preserve what is left of the English illusion.

EQUAL ACCESS TO ALL MARKETS

I am sure no one wants to hold a tariff umbrella over the head of inefficient business. In America, which is more free of monopoly than any other country on earth, that could not be the case, because domestic competition is adequate to force maximum efficiency and alert technological improvements.

In such a policy, two situations are envisioned: Free currency valuation, and equal access to all markets.

A good example of the currency valuation handicap under which American industry is working today is found in the woolen business. America must go abroad for about two-thirds of its wool, most of which comes from the sterling area. The American purchasing agent goes into the market with pounds which cost his firm \$4.03, while the English purchasing agent has pounds that cost less than \$3. Our people are not allowed to purchase in the sterling area with pounds which cost us less than \$4.03. On the brown market, pounds can be bought for as little as \$2.10, but our people are not allowed to use them, whereas the English purchasing agent uses pounds which cost him less than \$3. Our purchasing agents must go into the market with pounds costing \$4.03. Yet, in the market place both of those pounds have identical purchasing power.

The matter of equal access to all markets goes hand in hand with honest currency value.

If nation X has something that America might want to buy, under present conditions it might be necessary for nation X to first sell the goods to nation Y, who, in turn, would sell them to us with a stiff markup.

The question may arise: Do we have any right to interfere with the policies of the nations with whom we deal?

The answer is found in the analogy of a banker who is considering an application for a loan submitted by a man who is known to have certain bad habits in the handling of money.

As long as the banker has made no loan, he has no right to criticize that man's way of life. But as a condition of the loan, it is his obligation to determine the proper safeguard, because he is the steward of his depositors' money. After all, it was not the banker who suggested the loan.

Mr. President, I say to you that the Senate of the United States is the steward of the money of the taxpayers of the United States; and it is the duty of the Senate, when it puts the money of the United States taxpayers into other hands, especially when it puts their money into foreign hands, to expect not only that repayment will be made but that fair treatment will be received and that the standard of living of the people of the United States will not be interfered with. After all, in the example I just gave, it was not the banker who suggested the loan; and, after all, it is not the Congress of the United States that suggests the loan in this case. It is the foreign countries that suggest the loan.

So we have the duty of stewardship for the money of our taxpayers. We should not pour out their money, to the extent of billions of dollars, with no chance of return and no chance of improvement in the condition of the people for whom the money is held in trust.

From the results obtained from the program to date, beginning with lend-lease, and then continuing with UNRRA, the British loan, the Marshall plan, ECA, and now with the newspapers full of reports about additional foreign requests for funds from the United States, it must be clear to almost everyone where we are headed with the particular type of help and assistance we are giving, and under the conditions under which we are giving it.

Similarly, when the administrators of the United States Government grant some of its taxpayers' money to a foreign country it has not only the right but the obligation to see that the recipient conducts himself in a fair and businesslike fashion.

Naturally everyone in business is going to jockey for a stronger position in the market place, but the present policies and practices of shearing Uncle Sam are beyond endurance.

There is a great demand today for some device to balance American foreign trade.

As a matter of fact trade balances itself in strange ways.

It was said that during the twenties America exported far too much and imported far too little.

Actually much of this so-called trade was not trade; it was a series of transactions under which American bankers sold the bonds of other nations to American investors and the money was used to buy American goods. That money was never paid. That is the way much of this money was raised and the way it was used.

These transactions were not trade until and unless the bonds were paid off, and huge quantities of them were not. The amount of these repudiations must be subtracted from the so-called export surplus. It is held up to the people of the United States of America that, as a result of the trade-agreements program, we have increased our foreign trade, when as a matter of fact I shall submit definite proof during the course of this address, proof by way of a table, showing that we have not increased our export trade one iota. We have simply increased it to the extent of our gift loans to the foreign nations.

Similarly, the huge imbalance in our present situation is not the result of genuine trade. The American taxpayer puts up the money, and the dollars are used to buy American goods. We are now the recipients of a further request, indeed it is more than a request, for in my humble opinion it has been agreed to secretly how the money will be spent. They will not even buy the goods in America with the money we give them, so

we can make further subtractions. This is not a sale; it is a gift, and when we talk about how much more we are selling than we are buying it is nonsense. To get our real trade balance we must subtract the amount of the gifts. The key to balanced trade lies in letting the people conduct it with free currencies.

Mr. President, the Government should never attempt to conduct it, in any case.

They make their bargains, arrange their payments, and settle up.

If there is a shortage of goods at one end of the line a special kind of goods—gold—is used to make up the difference.

Fair tariffs are no hindrance to this kind of trade.

As a matter of fact, fair tariffs help sound trade because they protect the stability and earning power of the other fellow's market.

The American worker is now the greatest market in the world, but if his employment and his wage standards were to be destroyed by free trade he would not be worth anything to anybody, including himself.

I shall explain what I mean by that statement. Here we are, with a national income of \$226 billion. Every nation in the world has its eye on this income, this great purchasing power, and if they could get two or three or four billion dollars apiece of this income, they do not see that it could hurt us very much, and they would be rich. Let us see what it would do to us. Let us say we allow them to have \$1 billion, \$3 billion, or \$5 billion of our national income; the more they take of this income, the less purchasing power the workingman of America has, and when his purchasing power is decreased, the amount of goods he can buy is decreased. We already have complaints from other countries that their trade fell off this year, because, as they called it, we had a recession. We did not have a recession. They were bringing in goods and cutting down our income. Therefore, we did not have the income that they thought we had with which to buy goods from them. So what happens? They come and get the income and put our workmen on the street and they go on unemployment insurance. So it is a two-way thing, so far as we are concerned. The income stopped, and even they themselves do not have what they thought was here, and we do not have it, either.

BIPARTISAN-POLICY MYTH

Mr. President, I come now to something which has haunted the Senate ever since I have been a Member of it—the bipartisan-policy myth.

There can be no bipartisan foreign policy, first, until there is a foreign policy that stops at the water's edge.

This evident truth was first laid down by the late Senator Carter Glass, of Virginia, when he stated in 1941 that the foreign policy should stop at the water's edge. James F. Byrnes, a former Secretary of State, supported Senator Glass in his pronouncement that the foreign policy should in no way be connected with the domestic economy.

It will be remembered that the Republican conference at Mackinac Island held during the summer of 1941 formally established the principle that the domestic economy policy and the foreign policy must be two separate subjects, and that the State Department should have nothing whatever to do with forming the Nation's economic policy.

However, the present Secretary of State has attempted in every way possible to tie the two together, as witnessed by the testimony of Willard L. Thorp, Assistant Secretary of State, when he appeared before the Ways and Means Committee of the House in January of this year in support of the 3-year extension of the 1934 Trade Agreements Act now before the Senate, when he said:

"1. The European recovery program (Marshall plan or ECA) extends immediate as-

sistance on a short-term basis to put the European countries back on their feet.

"2. The 1934 trade-agreements program is an integral part of our overall program for world economic recovery.

"3. The International Trade Organization, upon which Congress will soon be asked to take favorable action provides a long-term mechanism—each part of this program is important. Each contributes to an effective and consistent whole."

Mr. President, the State Department has tied the domestic economy of this Nation to the foreign policy. Yet we have men on the floor of the Senate who still mouth the bipartisan policy.

It will be seen from the statements of the administration spokesmen that under their procedure a bipartisan foreign policy is impossible without extending it to national economic affairs.

The second step of the three-phase program was inaugurated through the 1934 Trade Agreements Act under which the State Department has adopted a selective free-trade principle, on the theory that the more we divide the markets of the United States with the nations of the world, the less their trade-balance deficits will be each year.

The 1934 Trade Agreements Act has been labeled "reciprocal trade," yet that phrase does not occur in the 1934 act—it is simply a catch phrase to sell free trade under a more appealing name. That is the significance of the proposed 3-year extension of the 1934 Trade Agreements Act which is before the Senate at this time.

The phrase "reciprocal trade" is just one more catchword boiled up out of a mess of catchwords and historic slogans such as "make the world safe for democracy," "the four freedoms," "the forgotten man," "economic royalists," "we owe it to ourselves," "we cannot be prosperous in a starving world," then comes the "bold new program," and dozens of other pithy expressions which divert the minds of men during times of extreme nervous stress and strain.

I wonder whether the American people will ever wake up and realize that some nation had better stay prosperous in a world that has had starving people through 5,000 years of recorded history. This dream of reciprocal trade, as now advocated in our world of plenty, will prove to be just one more method of dividing our substance with the nations of low-wage living standards by importing unemployment, instead of helping them to help themselves.

That is the answer, Mr. President, to the question of the senior Senator from Missouri as to what is meant by all the verbiage in the announcement of the New York Times regarding the international conference today.

THE COST OF OUR GIVEAWAY PROGRAMS: THE RUINATION OF AMERICA

Will we ever realize that huge loans and gifts to foreign nations, made without any definite international policy geared to our ability to pay, can only mean lower wages for Americans?

Will we ever understand that the pouring out of such floods of our substance—whether released by the direct action of congressional appropriations, by treaty commitments, forcing us to pay indirect reparations through one foreign nation to another; by the funds which come through the Import-Export Bank, through the securities sold to the American public by the World Bank, or by means of trade treaties which stifle our own production by importation of the merchandise and commodities of the low-wage nations of the world—that all this is all part of the grand plan directed at the same goal of lowering the standard of living of the American people?

Mr. President, every newspaper we pick up relates how some nation is going to get some funds from the Import-Export Bank. It is

another kind of aid, but it will require appropriations, just the same.

THE LOSS OF OUR FOREIGN MARKETS

The 1934 Trade Agreements Act was passed for the purpose, among others, "of expanding foreign markets for the products of the United States." At another place I shall examine whether this purpose is still part of the trade-agreements program, and whether this objective was accomplished. The act did not increase the markets for the goods of the United States. In the postwar era, we are increasingly shut off from the markets of the world by an economic stranglehold.

Discrimination against American goods has never been worse than it is at present. The Trade Agreements Act provides the President with the power to enforce the reduction of barriers against United States commodities, but this power is not being used. Through the use of bilateral trade agreements—which are really barter agreements, of the kind Hitler used—the United States is shut out of more and more foreign markets. Our export markets in South America, Africa, and Asia are being reduced by barter agreement with European nations. Their number has increased beyond anything Hitler ever dreamed of. The United States is denied not only equal access but almost all access to the markets of all the nations of the world.

Mr. President, instead of increasing the foreign markets for goods of the United States of America, we have reduced our tariffs and import fees to an all-time low, and foreign nations have increased their controls, their quotas, embargoes, the manipulation of their currencies, the specifications, the licenses—every type of control has been invoked by foreign nations, and they have made trade a one-way street.

Not only do barter agreements exclude the importation of goods of American origin by other nations, but exchange control and other forms of restrictions are building a high wall of restrictions against our exports, while foreign nations piously sign trade agreements while we call for the reduction of tariff barriers.

1934 TRADE AGREEMENTS ACT DID NOT REDUCE TRADE BARRIERS

Instead of using the act for the purpose for which it was designed originally, to increase markets for the products of the United States, and to decrease barriers against international trade, the act has become a hollow shell with respect to its original purpose, and has become a "foreign assistance" program, a weapon of the do-gooders, the fellow-travelers of foreign interests, in the State Department.

We are entitled to equal access to the markets of all the world, and we do not use the best weapon at our command to achieve that end.

TARIFFS ABROAD NO LONGER IMPORTANT

The tariff reductions which have been made under the authority of the 1934 Trade Agreements Act have not been international contracts where each party benefits by the other party's concessions. Instead, they have had the same effect as a one-way reduction of our tariffs by us would have had. Tariffs, except in the case of the United States, are no longer important barriers against the flow of international trade. They are minor factors.

Among the foreign nations using all the other forms of control such as barter agreements, exchange control, exchange manipulation, import licenses, quotas, and embargoes, tariffs have lost all effectiveness in controlling the flow of imports. The only and last country in which tariffs can still be effectively used in protecting the health of the domestic economy and the welfare of the country—where tariffs can still control the amount of imports—is the United States. We are losing access to foreign markets, and

are not doing anything about it. The Trade Agreements Act, as it is now used by the State Department, is not used to demand and enforce equal access to the markets of the world for the United States.

TRADE AGREEMENTS ARE IN REALITY TARIFF-REDUCTION AGREEMENTS

The name "trade agreements" for the treaties signed with foreign countries, under the authority of the 1934 Trade Agreements Act, is a misnomer if there ever was one. A trade agreement is an agreement between two nations for the interchange of specific commodities, either in terms of volume, or in terms of value.

The agreements which the State Department insists on calling trade agreements are in reality tariff reduction or import fee reduction agreements. They do not deal with the interchange of specific commodities, but provide for the reduction of tariffs. Although these so-called trade agreements are bilateral or multilateral in the sense that there are two or more parties to them, the fact that the tariff reductions by the foreign nations have been ineffective through the use of other, stricter forms of control over imports, have made these trade agreements really one-sided tariff reductions.

The United States, through the hands of the State Department, has reduced the tariffs and import fees on imports into the United States without getting anything in return from other nations.

Under the authority of the 1934 Trade Agreements Act, no trade agreement has ever been made. But our tariffs are now among the lowest in the world and do not constitute a barrier against imports. Had the 1934 Trade Agreements Act been called by the right name, a Tariff Reduction Agreement Act, I wonder whether the State Department propaganda machine would have been quite so successful in selling the free-trade philosophy to the American people.

SUSPENSION OF BENEFITS NEVER USED TO REDUCE BARRIERS

The 1934 Trade Agreements Act provides "That the President may suspend the application" of lower tariffs and import fees "to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts and policies which in his opinion tend to defeat the purposes set forth in this section." The act says, further: "The President may at any time terminate any such proclamation" of lowered duties "in whole or in part."

Those provisions give the administration a strong weapon to enforce the reduction of the barriers against international trade. The ever-growing discriminations against the exports of American goods could have been prevented, but they were not. Foreign countries could have been forced, at the danger of losing the advantages of low American tariffs, to lower the barriers which have taken such varied forms, particularly since the end of the Second World War, but the State Department elected to reduce our tariffs and import fees more and more without regard for the increasing restrictions against us abroad, nor for any injury to domestic industries or the workmen of America.

The provision in the 1934 Trade Agreements Act for the suspension of the lowered tariffs or import fees on imports from a country discriminating against American commerce has only been invoked twice during the 15 years of the act. Before the war Germany, and for a short while Australia, were found to discriminate against American exports, and were therefore not given the benefits of the reduced tariff rates set in the trade agreements negotiated with other nations. But, Mr. President, no other restrictions have been invoked.

At the present time the provision is not being applied at all. Our low rates of duty apply to all the nations of the world. I am very conscious of the fact, however, that almost all countries do discriminate against American exports, through the various strict controls which I mentioned earlier.

BARRIERS AGAINST UNITED STATES GOODS

What are the restrictions which foreign nations have put about against the imports of the United States?

There are several kinds of barriers to international trade aside from the mildest one, tariffs. One of the easiest to apply, and one of the most efficient, is foreign-exchange control. This is only effective, however, in countries whose currency is not freely acceptable and convertible into others in foreign trade. For example, a French importer is unable to purchase American goods for francs. He must purchase dollars at his bank, and this purchase of dollars can be easily controlled by the French authorities by withholding issuance of dollars for non-essential purchases.

Another frequently concurrent control over imports is exercised by import licensing. In this case the importer has to apply for and obtain a Government permit to import certain commodities.

I might say that a shining example of such control is operated by the Dutch Government in Indonesia. They control all of the importers and exporters. They have about 5 importing firms, and nothing can be taken into the country unless it goes through one of these importing firms. Further, they control how much goes to an Indonesian who sells a dollar's worth of goods, to America, for instance, because the Indonesian does not get the dollar, it goes into the exchange pool which I have explained earlier. So the Dutch have complete control. They have the police control, they have the import and export control, and they have the money-exchange-pool control. That, Mr. President, constitutes control of the nation. It is practiced in all the empire-minded nations' colonies. The difference lies just in the matter of degree.

In some countries having exchange controls in addition to the licensing system, the foreign exchange is made available automatically after the issuance of the import permit. In other countries, having both controls, an exchange permit has to be obtained separately, with no guaranty that the issuance of one will be followed by the issuance of the other.

A third form of nontariff barriers exists in the form of bilateral clearing or compensation agreements. This control is independent of tariffs. In this type of discrimination purchases of goods are arranged between two nations, up to a certain value each way. The importer has no chance to go to the market place for his goods, to obtain them for the best price, and under the best terms, but he is restricted to buying commodities from the nation with whom the bilateral clearing agreement is in force. Although an agreement of this sort leaves the importer a certain freedom of choice regarding what commodities he wants to purchase it is restrictive in keeping other nations from entering the market.

Mr. SALTONSTALL. Mr. President, will the Senator from Nevada yield that I may suggest the absence of a quorum?

Mr. MALONE. I shall be happy to yield if I do not lose the floor.

Mr. SALTONSTALL. With that understanding, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DONNELL in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that I may withdraw my

suggestion of the absence of a quorum, and that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The Senator from Nevada may proceed.

Mr. MALONE. Mr. President, other forms of controls that are entirely separate from tariffs, include the setting up of embargoes against goods from a certain nation. They operate just as the amendment offered by the distinguished Senator from West Virginia [Mr. KILGORE] which would bar the importation of certain types of glass and handmade crockery from the United States.

Mr. President, the junior Senator from Nevada would be greatly disappointed to see the Senate and the Congress of the United States prolong the 1934 Trade Agreements Act, which, in my opinion, would result in quotas being invoked in this country next year not on one product alone, but on hundreds of products, in an effort to save the American workman.

The most vicious of the restrictive trade policies which are being followed by all the nations of the world, with the exception of the United States, is the negotiation of the so-called bilateral trade agreements. These agreements, which are in reality barter agreements, provide for the interchange of specified commodities in specified amounts or value. This completely disrupts the normal channels of international trade, and is used to great advantage for political purposes.

That is a practice in which our Nation has never indulged, but it is a practice in which the other nations of the world have always indulged, and has been accentuated now because of the 1934 Trade Agreements Act, which has made it possible to tie our hands with a low tariff so other nations can manipulate their trade in any way they want to, through embargoes, quotas, currency monopolies, or licenses or specifications, and we are helpless. We shall be helpless until we wake up. Then we will indulge in the same practice. But where will it get us, Mr. President? It will get us nowhere.

Other methods of nontariff import controls may also well be used. A nation may call for specifications in the imports of certain goods which can only be filled by the products of a certain nation. For example: A nation specifies that only trucks or automobiles of a certain weight may run on the roads of one of its colonial possessions. Oddly enough it happens that this particular nation is the only one which makes such a truck or automobile. This certainly is a barrier against the free flow of international trade. This particular wrinkle has been used successfully in Bermuda, where only automobiles of British origin fill the allowable specifications to run on the island.

One of the more devious methods to control trade is the manipulation of currencies. This method, however, I have elaborated at a different point in my address. Its ramifications extend far beyond the tariff field, and I shall merely mention it here as one of the factors used to control imports, and to upset the normal flow of commodities in international trade.

The result of all these restrictive practices is the maintenance of political power over colonial areas and territories, and the channeling of trade for political purposes. The State Department and the President have not used the weapon at their command to reduce these restrictive practices, but have used the 1934 Trade Agreements Act for a purpose for which it was not designed—the unilateral reduction of United States tariffs and import fees.

Mr. President, according to the reports appearing in the New York Times of this morning, and in other morning newspapers, the

State Department and the President not only have not used the weapon at their command to reduce these restrictive practices, but they have entered into an agreement, in my opinion a secret agreement, to allow these practices to continue.

RECIPROCAL TRADE ACT IS A PROPAGANDA WEAPON

Mr. President, as I have said before, the 1934 Trade Agreements Act is frequently referred to as the Reciprocal Trade Act, even here on the floor of the Senate. Webster's International Dictionary defines reciprocity as follows:

"That relation or policy as to trade or other interests between countries under which special advantages are granted by one side in consideration of special advantages granted by the other."

First of all, the word reciprocity or reciproca does not appear in the 1934 Trade Agreements Act, except in relation to the Cuban-United States agreement of 1902, and that is just as well. The benefits which we extended to foreign nations in our trade agreements have certainly not been reciprocated. The benefit which we gave the other party to our so-called trade agreements was the reduction of our tariffs. In return the foreign nation was to reduce its tariffs.

Legally speaking, they have done that as a stratagem, but have immediately nullified the tariff reduction by the imposition of some control over imports much more effective than the former tariff. Frequently currency devaluation was used to reduce the benefit which was to accrue to the United States from their reduction of tariffs. Yes, they did reduce their tariffs, but, before any court of the United States that kind of evasion of performance of a contract would have invalidated it. However, the State Department and the President have accepted the discrimination that resulted from the nonperformance of the contract. In fact, then, the operation of the 1934 Trade Agreements Act has not resulted in reciprocity for our tariff reductions, and we have given something for which there was absolutely no return benefit.

I charge that the use of the phrase "reciprocal trade" was merely a catch phrase to make the Trade Agreements Act palatable to the American people. "Trade" is desirable, and so is "reciprocity." Anyone will express himself in favor of those words, and that was the basis of the propaganda that has been pouring from the State Department and the proponents of the Trade Agreements Act for 15 years. "Free trade," too, is a highly desirable objective, and it has been sold to the American people, along with "reciprocal trade." Yes, free trade is desirable if it can be pursued without injury to our domestic economy. But if "free trade" is to be achieved at the cost of the American wage standard of living, if it is to be achieved at the cost of American unemployment, and reduction and extermination of our domestic industries, it is a dangerous phrase and one that should be labeled "dangerous trade propaganda."

It is a curious coincidence that Karl Marx once said that "The free-trade system hastens the social revolution." If we want free trade, we must realize that it is only feasible between equals, equals in standards of living and in productivity. If we desire free trade today, we cannot have it between equals, and it only results in bringing down our standard of living to that of the people whom we have tried to benefit. The result will be a United States which is weak and destitute, and the last example in the world of the benefits of free enterprise will have vanished from the face of the earth.

Here is an example of what happened in the operation of our trade agreement with the United Kingdom.

UNITED KINGDOM INCREASES BARRIERS TO AMERICAN EXPORTERS

Under the authority of the Trade Agreements Act of 1934 a trade agreement was entered into with the United Kingdom in 1938 which became effective in 1939.

This trade agreement was to reduce tariffs on products imported from the United Kingdom in exchange for their reducing barriers to our exports to their country. In other words, the purpose of the agreement was to increase United States exports to the United Kingdom in exchange for increased imports into the United States from the United Kingdom. What has been the effect of this trade agreement?

Since the end of the war in 1945 the United Kingdom has been raising various types of barriers to United States exports and the exports of other countries. These barriers take the form of exchange controls, import licensing, and embargoes or absolute prohibition of imports of certain commodities.

One of the most interesting components of this system of barriers raised by the United Kingdom against imports was the establishment by the British in 1946 of the token import plan. This plan is still in effect and limits the import of 200 different products into the United Kingdom to 20 percent, Mr. President, of such imports during the 3-year base period 1936, 1937, and 1938, prior to the war. The sum total of the imports from the United States of these 200 commodities during the prewar base period was \$15,000,000 per year, hence, imports into the United Kingdom from the United States of these 200 commodities is now limited to \$3,000,000 per year. That agreement is still in effect. Do we see any reciprocity in that arrangement?

The exports from the United States to the United Kingdom and imports from the United Kingdom into the United States by years from 1930 to the present are shown in table I.

I ask unanimous consent that the table be printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I

Year	Exports from United States to United Kingdom	Imports from United Kingdom to United States
1930.....	\$678,000,000	\$210,000,000
1931.....	456,000,000	135,000,000
1932.....	288,000,000	75,000,000
1933.....	312,000,000	111,000,000
1934.....	383,000,000	115,000,000
1935.....	433,000,000	155,000,000
1936.....	440,000,000	200,000,000
1937.....	536,000,000	203,000,000
1938.....	521,000,000	118,000,000
1939.....	505,000,000	149,000,000
1940.....	1,012,000,000	155,000,000
1941.....	1,637,000,000	136,000,000
1942.....	2,529,000,000	134,000,000
1943.....	4,505,000,000	105,000,000
1944.....	5,243,000,000	84,000,000
1945.....	2,189,000,000	88,000,000
1946.....	856,000,000	156,000,000
1947.....	1,103,000,000	205,000,000
1948.....	1,644,000,000	290,000,000
1949: January to June.....	391,000,000	112,000,000

¹ Of this \$499,000,000 was ECA financed. Commercial exports derived by subtracting ECA-financed exports from total exports.

Source: Department of Commerce, Office of International Trade.

Mr. MALONE. This table shows that the treaty went into effect in 1939. At that time we had \$505,000,000 of exports from the United States to the United Kingdom. Excluding the years 1940 to 1945 inclusive, which took in the war years, we skip to 1946, when we had \$856,000,000 of exports to Great

Britain. In 1947 we had \$1,103,000,000 worth of exports to Great Britain; in 1948, \$644,000,000. Subtracting the amount of our contribution in goods to Great Britain, which is included in the \$644,000,000 we find that we get about \$145,000,000 worth of exports. That is what the trade agreement with Great Britain has done for us. In 1939 there were \$505,000,000 worth of exports. In 1938 the amount was \$521,000,000; and in 1937, \$536,000,000. For prior years it was sometimes slightly less and sometimes slightly more, back to 1930. But when the great exodus of cash to the nations of Europe started, if we subtract the \$499,000,000, it leaves very little on our side of the ledger.

Of the total exports of \$1,035,000,000 from January 1, 1948, to June 30, 1949, \$536 million were paid commercial exports. This is an annual average of \$357 million. The annual average for the 2 years 1937 and 1938, prior to the trade agreement with England, was \$528 million. Hence, our commercial exports to the United Kingdom during 1948 and 1949 have been far below what they were prior to the 1939 trade agreement. In fact, our commercial exports are running only 68 percent of the pretrade-agreement level.

On the other hand, our imports from the United Kingdom since the 1939 trade agreement with them, which provides for lower tariffs on our part, have increased. The value of our imports from the United Kingdom for the 2 years, 1937 and 1938, before the trade agreement averaged \$161 million annually. For the past 2½ years, ending June 30, 1949, our imports from the United Kingdom have average \$240 million. This is an increase of 49 percent over the annual pretrade-agreement average.

I ask Senators to consider for a moment the tremendous decrease in our exports to the United Kingdom and the tremendous increase in their exports to us, since the signing of the trade agreement between this country and the United Kingdom.

In summary, then, we find that the consequence of our trade agreement with the United Kingdom which first became effective January 1, 1939, has been a decline of 32 percent in our exports, and an increase of 49 percent in our imports from the United Kingdom.

It is perfectly clear from these facts that the theory upon which the trade-agreements program was based has proven absolutely false. If they had not invoked the quotas, embargoes, currency manipulations, and the dozens of other subterfuges to prevent our exports from reaching the United Kingdom, it is perfectly possible that some good might have come from the agreement; but the provision of the 1934 Trade Agreements Act has not been utilized to reduce these barriers to our exports to the United Kingdom.

The New Dealers urged the passage of the Trade Agreements Act to increase our exports. They sold the American people on the theory that any lowering of our tariffs would be accompanied by a corresponding lowering of the barriers to our exports on the part of foreign countries with whom we made trade agreements. It has not worked that way at all. We have lowered our tariffs, while many of the nations with whom we have made agreements—and the United Kingdom is an outstanding example—have increased their barriers to our exports. There is nothing reciprocal about such trade agreements.

Let me repeat that we lowered our tariffs on English goods in what we believed was a reciprocal trade. But England has increased her barriers against our exports. The result is that our commercial exports to England have fallen off greatly since the trade agreement, while our imports from England have greatly increased. Great Britain is one of the 3 nations which have just completed an international conference here. Further con-

cessions to Great Britain were requested, further entree into the markets of the United States, further lowering of customs barriers, and thus further lowering of the floor under wages. All this means importing more unemployment into the United States. The present administration has the brass to call this a Fair Deal. If this is what the President and the State Department mean by Fair Deal, it is time for a fresh deal as well as a new deck.

MOST-FAVORED-NATION TREATMENT AND RECIPROCITY ARE PARADOX

I stated earlier that reciprocity was not part of the effect of the 1934 Trade Agreements Act. There is another reason why the benefits from the trade agreements could not well be reciprocal. The trade agreements made under the authority of the act have always included the most-favored-nation clause in its unconditional form. Reciprocity in trade agreements, and the application of the most-favored-nation clause are really two diametrically opposed concepts.

I shall cite several reasons why this is so. The most-favored-nation clause guarantees that tariff reductions on any given commodity apply to imports from all sources, unless they discriminate against American exports. This reduced rate, then, is applicable to every other country wanting to export to the United States. "Reciprocity," however, means that a special benefit is given to a country in return for an equivalent benefit. It hardly seems that those two terms can live together very happily.

Friends of the trade-agreements program point out that tariff negotiations with a specific country concern only those goods of which the negotiating country is the major supplier. If this were always true, we could assume that the contracting party would be the principal beneficiary under the trade agreement. Unfortunately, there are a good many cases in which a trade agreement has been negotiated reducing the tariff on a specific commodity of which the other party was the principal supplier, but after the reduction, some third nation would suddenly expand the production of this commodity and take over the supplier position. The third country, we must remember, could enter its imports at the same favorable rates as the first one, through the operation of the most-favored-nation clause.

That brings me again to the point that while a tariff on any commodity might correctly represent the differential in cost of production or cost of manufacture in competition with our own higher cost of production at a particular moment, within 6 months or a year, the economies of all nations being in a state of flux, changing relationships might result in the tariff not correctly representing the differential.

In other words, this is not the only point where another nation may take more of an advantage of the markets through a reduction of the tariff. Also, Mr. President, the economic relationships between nations change, just as the economic relationships between individuals change, over the years. They are always in a state of flux. Therefore, it is utter idiocy to say that a 3-year agreement can be made to apply for the full 3 years to the changing economic relationships between 2 nations. That simply cannot be done.

That situation clearly demonstrates the advantage of a flexible import fee under which a Foreign Trade Authority would have absolute latitude, just as the Interstate Commerce Commission does in the fixing of freight rates, to adjust the import fee either up or down, according to the changing economic conditions between nations or, as I have already said, in connection with the manipulation of currencies or the purchasing by governments, to undersell goods in our markets, to secure dollars to be traded elsewhere at a profit.

Mr. President, whenever the statement has been made on the floor of the Senate that some conditions should be attached to the ECA money or the Marshall-plan money we give to foreign countries and that that money simply should not be given to foreign countries in the way a profligate person might be given sufficient money to last him for a year, and then be permitted to dissipate it, we have been told that no conditions should be attached to the money we give to other nations. Many Senators have offered perfectly fair amendments, which it would be proper to adopt if the money is to be spent for the purposes stated. However, all amendments were rejected; we were told that no amendments whatever could be added to the bill, that this is a sacred thing which cannot be touched.

Why were the amendments rejected? Why was there a complete unwillingness to accept any amendments? It was because of the argument that we in the United States cannot direct what another nation shall do; we must let each of the other nations have the kind of government it wants. I agree that we should let other nations have the kind of government they want; but let them have the kind of government they want at their expense, not at ours. The final result is that we have inserted no amendments at all; we have provided no limitations at all.

However, we have learned from sad experience what happens when we give money, without limitation, to other nations. This is not the first time we have had such a sad experience. I served, along with many others, in the First World War; and we know that following that war, money was borrowed from the United States by various European countries, although generally under a different name, but, whatever they were called, the repayment was of the same kind—in other words, none at all. So we have learned, the hard way, that we cannot control other nations.

Therefore, Mr. President, let us have an American program so that it will be to the interest of the other nations to do the right thing—to raise the standard of living of their people and to have good government. Then let them run their own government; but in such case their interests will be in common with ours, because they will know exactly under what conditions they can reach our markets, namely, on the basis of fair and reasonable competition.

FLEXIBLE-IMPORT-FEE SYSTEM GUARANTEES FAIR COMPETITION

The flexible import fee bill which I have offered as an amendment to the pending bill would immediately establish a fair and reasonable competitive basis for markets all over the world. That is all that any business in the United States has ever requested. Why should a foreign nation ask for more?

I have already referred to a case in which a third nation would suddenly expand the production of a certain commodity and thus take over the supplier position. Such a third

country, we must remember, could enter its imports at the same favorable rates as the first one would have, through the operation of the most-favored-nation clause.

However, not only did this take place, but frequently the trade agreements affected the tariff rate on commodities for which the negotiating country was only a minor supplier. Let me cite you two examples:

During the prewar decade, France supplied only 17 percent of the rayon broadwoven fabrics imported into the United States, whereas Japan supplied 46 percent. Yet the rate of duty on this commodity was reduced in the trade agreement with France, effective in June of 1936. In this case one can hardly speak of negotiating with the primary supplier. In the same trade agreement with France, silk-woven fabrics were affected by tariff reductions, although France accounted for only 8 percent of the imports of that commodity in the period 1931-40, whereas Japan accounted for 75 percent. In this case the tariff negotiations and reductions were made with a country which supplied less than 10 percent of that commodity.

The record shows that during the life of the amendment to the Tariff Act of 1930, the so-called 1934 Trade Agreements Act, 1 of our 2 most dangerous enemies, namely Japan, received the same reductions of duties which were extended to all countries with which we had trade agreements, simply through the operation of the most-favored-nation clause.

On the question of the anomaly of reciprocity and the most-favored-nation clause, the Geneva Agreements for Tariff and Trade, concluded in Geneva in October of 1947, are a good example of what is being done. The special privilege extended to us by each of the participating nations became available to all the nations of the world. In other words, the benefits accruing to the 23 member nations of the GATT are automatically extended to all the nonsignatory nations, including our former enemies.

TRADE AGREEMENTS ACT HAS NOT INCREASED UNITED STATES EXPORTS

I mentioned earlier that the avowed purpose of the 1934 Trade Agreements Act is to expand the foreign markets for the products of the United States. We have been told, time and time again, that this has indeed been accomplished. We have been shown statistics which purported to demonstrate that United States trade with trade-agreement countries increased at a greater rate than with the non-trade-agreement countries. Let us look at the record, so far as it pertains to the exports from the United States to trade-agreement countries and to non-trade-agreement countries.

Mr. President, I submit in this connection a table entitled "The Effect of the 1934 Trade Agreements Act on United States Exports." I ask unanimous consent that the table be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

The effect of the 1934 Trade Agreements Act on United States exports

[Table showing the percentage of total United States exports (including reexports) going to the listed countries. Countries 1 to 8 are those with which the United States has had trade agreements during the period shown; countries 9 to 17 did not have trade agreements with the United States. Percentages are based on dollar values. (Compiled from U. S. Government sources.)]

Country	1933	1934	1935	1936	1937	1938	Effective date of trade agreements
	Percent	Percent	Percent	Percent	Percent	Percent	
1. France.....	7.26	5.42	5.12	5.28	4.91	4.32	June 1, 1936.
2. Netherlands.....	2.9	2.39	2.15	2.16	2.79	3.12	Feb. 1, 1936.
3. Belgium.....	2.58	2.34	2.55	2.4	2.84	2.49	May 1, 1935.
4. Switzerland.....	.448	.395	.333	.312	.287	.342	Feb. 15, 1936.
5. Canada.....	12.6	14.2	14.1	15.7	15.2	15.1	Jan. 1, 1936.
6. Brazil.....	1.78	1.89	2.0	2.0	2.04	2.0	Do.
7. Cuba ¹	1.5	2.13	2.62	2.75	2.75	2.46	Sept. 3, 1934.
8. Sweden.....	1.11	1.55	1.67	1.76	1.9	2.07	Aug. 5, 1935.
9. United Kingdom ²	18.6	17.95	18.9	17.92	16.0	16.8	None during period.
10. Norway.....	.424	.527	.596	.630	.663	.730	None.

Footnotes at end of table.

The effect of the 1934 Trade Agreements Act on United States exports—Continued

Country	1933	1934	1935	1936	1937	1938	Effective date of trade agreements
	Percent	Percent	Percent	Percent	Percent	Percent	
11. Czechoslovakia ¹	0.094	0.129	0.141	0.190	0.395	0.86	Apr. 16, 1938.
12. U. S. S. R.	.536	.705	1.08	1.36	1.23	2.25	None.
13. Japan	8.53	9.89	8.9	8.34	8.62	7.75	Do.
14. Australia	1.57	2.02	2.49	2.38	2.19	2.23	Do.
15. Italy	3.66	3.03	3.16	2.49	2.29	1.88	Do.
16. Mexico	2.24	2.53	2.87	3.1	3.26	2.0	None during period.
17. Argentina	2.2	2.0	2.16	2.32	2.8	2.8	Do.

¹ Cuban preferential tariffs were maintained, but under the trade agreements her comparative preference was increased.

² Trade agreement with the United Kingdom did not become effective until Jan. 1, 1939.

³ Trade agreement went into effect Apr. 16, 1938, therefore figure for 1938 should be ignored.

NOTE.—Germany is not listed in this chart, since the most-favored-nation commitment to Germany was terminated Oct. 15, 1935, and thus she was, with Australia (from August 1936 to February 1938), only nation that did not benefit indirectly through the lowering of tariffs under the 1934 Trade Agreements Act.

Mr. MALONE. Mr. President, the table I have just submitted shows no significant difference in the percentage, based on dollar values, of United States exports going to either trade-agreement countries or non-trade-agreement countries in the period 1933-39, a period more closely normal than either the World War II period or the post-war period. Five of nine countries listed, which did not have a trade agreement with the United States during this period, showed an increase of the percentage of United States exports they absorbed. Of eight countries which did have trade agreements with the United States, starting at some time during this period, as indicated on the margin of the table, only three showed significant increases in the percentage of United States exports they purchased. The remaining countries of each group showed either an erratic fluctuation or an actual decrease in their percentage of exports to the United States.

These figures certainly disprove the contention that the 1934 Trade Agreements Act has increased the export markets for the United States. At best, they prove that the

trade agreements have not changed the percentage distribution of United States exports significantly. One might even deduct that the non-trade-agreement countries increased their purchases from the United States, as expressed in the percentage of exports going to these countries, whereas the countries with which we have had trade agreements declined in their percentage participation in United States exports. The purpose of the act has certainly not been accomplished, even during a period in the world's economy which was much more normal than the present.

I have pointed out earlier that the 1934 Trade Agreements Act did not increase the exports to the trade-agreement countries any more rapidly than exports to the non-trade-agreement countries.

Mr. President, I ask to have printed in the RECORD at this point in my remarks the table to which I have referred, entitled "Relation of U. S. Exports to U. S. Production Before and After Government Loan-Gifts, 1909-1949."

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 2.—Relation of United States exports to United States production before and after Government loan-gifts, 1909-49 ¹

Year	Total production of exportable goods	Exports, United States merchandise	Percent of total	U. S. Government grants and loans	Exports minus United States grants and loans	Percent of exports minus United States grants and loans to total exportable goods
	Billions	Billions		Millions	Billions	
1909.....	\$17.4	\$1.7	9.8	-----	-----	-----
1914.....	20.2	2.1	10.3	-----	-----	-----
1919.....	47.5	7.8	16.3	\$2,539	-----	9
1921.....	33.9	4.4	12.9	28	-----	-----
1923.....	44.8	4.1	9.1	-70	-----	-----
1925.....	47.2	4.8	10.2	-8	-----	-----
1927.....	47.5	4.8	10.0	-53	-----	-----
1929.....	52.8	5.2	9.8	-14	-----	-----
1931.....	32.0	2.4	7.4	7	-----	-----
1933.....	25.2	1.6	6.5	5	-----	-----
1935.....	33.1	2.2	6.8	0	-----	-----
1937.....	43.5	3.3	7.6	48	-----	-----
1939.....	41.4	3.1	7.6	16	-----	-----
1941.....	65.1	5.0	7.7	1,348	\$3.7	5.6
1942.....	89.0	8.1	9.1	6,434	1.6	1.8
1943.....	110.7	12.8	11.6	12,767	.1	.1
1944.....	115.0	14.3	12.4	14,016	.24	.2
1945.....	103.8	10.3	9.9	7,659	2.7	2.6
1946.....	100.4	10.0	9.9	5,053	4.9	4.8
1947.....	130.0	15.2	11.7	5,712	9.5	7.3
1948.....	² 145.4	12.6	8.7	4,658	8.0	5.5
1949, first quarter.....	² 36.0	3.3	9.1	1,568	1.7	4.7

¹ Figures in this table secured from the Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce. Table prepared by J. B. Crane and C. E. Toro.

² Estimated.

NOTE.—For the 6-year period, 1922-27, exports averaged 9.7 percent of United States production of exportable goods; for the 6-year period, 1942-47, exports, minus United States grants and loans, averaged only 2.9 percent of United States production of exportable goods.

Mr. MALONE. The table which I submitted for the record dealt with United States exports during the years 1934 to 1938. This period was taken on purpose because the world economy during that period was more normal than the years following.

During the postwar period we have exported in the neighborhood of ten to twelve billion dollars worth of goods, and we are being high-pressured into appropriating billions of dollars to hold up our exports. If the propaganda machine is not quite frank enough to state the objective so clearly, it is only a thinly disguised propaganda veil.

The extension of the 1934 Trade Agreements Act is merely one part of this foreign-relief program which may benefit some of the domestic producers temporarily, but will spell ruin to the wage standard of living of the American workingman and the American producer alike, in the long run.

AMERICAN INDUSTRIES MOVING ABROAD AS RESULT OF LOW TARIFFS

Mr. President, at this point I should like to say we have in this country many producers of heavy goods, heavy fabricated material, such as machinery, automobiles, typewriters, and road machinery, which temporarily, foreign countries are unable to make in large quantities. I say temporarily because, as explained earlier in the day by the distinguished Senator from Wisconsin [Mr. McCARTHY], businessmen, processors, and manufacturers are already thinking, in view of the great point 4 program, the bold new program to guarantee investments, of moving their heavy machinery to other countries, taking their foremen, superintendents, and principal workers to direct the low-cost labor, and to produce machinery at a cost lower than that at which it can possibly be produced in the United States. What happens? When that occurs, just so soon as it has a chance to become effective, they will not only serve the available area in the foreign nations which the great Marshall plan was supposed to develop in order to improve the market for the products of the workingmen and industries of America, but, through this great free-trade method of lowering our import fees and tariffs to a point where there is no competition, they will send the commodities thus manufactured into this country. They will do that, just as Jim Rand, of the Remington Rand Co., my good friend, intends to ship typewriters from Scotland and Ontario, Canada, into this country. He has already abandoned his plants in New York City, leaving several thousand employees there to shift for themselves.

I do not blame Mr. Rand. Those who have created the machinery which has changed the economics of the situation so as to make feasible this kind of trade in foreign-made typewriters should be blamed. The situation is changed. The area of feasibility is changed. Mr. Rand can take his machinery to Scotland, but the workers of America cannot go to Scotland, and they cannot go to Ontario and take the wages they would have to take there, because it would lower their standard of living to such an extent their children would not have an education. They would not know what to do there. Our workers cannot move. Money is fluid; it can go any place; money can be invested any place; but workers cannot be moved from one country to another—not our workers. I may say that heavy machinery, such as automobiles, and the machinery already described are the only things which will not be hurt almost immediately. Everything else will be hurt as soon as the buyer market becomes straightened out; indeed many industries are hurt now, as I shall later show.

For the benefit of some of the export industries, the taxpayer of the United States is paying for the goods which show up so proudly on our export statistics. Approximately 25 cents out of every tax dollar goes to the conduct of our foreign relations.

Let us take a look at the exports from the United States which are normal commercial transactions, in other words, exports which are paid for by the earnings of foreign nations, and not by the taxpayer of the United States.

The following table lists the production of exportable goods in the United States, and the percentage exported. Between 1909 and 1941 the percentage of the exportable goods actually exported has run from 6.5 percent to 12.9 percent with the exception of 1919, when the percentage was 16.3 percent. During that year United States Government grants and "loans" amounted to \$2,500,000,000.

Since 1942 the percentage of exportable goods actually exported has ranged from 7.7 percent to 12.4 percent. The 1949 rate of exports, based on the first quarter, is 9.1 percent.

However—and here comes a little leveling off, looking at the situation as it actually exists—if we subtract from the values of exportable goods actually exported the amounts of United States Government loans and grants, we arrive at figures which show how low really the normal exports from the United States are. Ignoring the period during which lend-lease was in operation, the percentage of exports minus United States loans and grants amounts to only 4.8 percent in 1946, 7.3 percent in 1947, and 5.5 percent in 1948. Based on the rate for the first quarter of 1949, the "normal" exports amounted only to 4.7 percent of the production of exportable goods in the United States.

Mr. President, I shall state why I had the table made up. We get information on every hand. Consider the increase in exports—\$12 billion. Exportations from the United States to foreign countries have not changed materially in percentage over the course of 30 years, when we subtract from the exports the amount of dollars given to the nations to buy our goods. In other words, we are in exactly the same position as the grocer who feels his business is slipping. He goes to a bank and says, "I want to borrow some money. I want to borrow \$10,000. I am losing my business. I am going to give this money to my customers. The customers are going broke." Perhaps he can make the banker believe it, the first time, and he gets the \$10,000 and puts it out in the neighborhood. He gets back about 50 percent of it and does quite a business. But finally he fails to convince the banker, so he goes out of business. There is only one real difference between an individual conducting his business in an unbusinesslike way and a nation following the same course. The individual is through when his banker quits him. A nation is through when its money has but little value. That is the only difference. So I would describe table 2, which I have submitted for the RECORD, "Relations of United States Exports to United States Production Before and After Government Loan-Gifts, 1909-1949."

I may say to the Senate it will be a revelation to many to see how it acts, after we subtract the money taken from the pockets of the taxpayers of America. Some of them are beginning to object quite strenuously to keeping up foreign trade on that basis, I may say. The first column gives the year. The second column shows the total production of exportable goods, in billions of dollars. The third column shows the exports of United States merchandise, in billions of dollars. The next column shows the percentage. We then come to the column headed "United States Government grants and loans," stated in mil-

lions of dollars, which, subtracted from the column showing total production of exportable goods, gives another percentage figure, and so on. The next column shown exports minus United States grants and loans, in billions of dollars, and that gives an entirely different figure. In the last column is the second percentage—the percentage of exports minus United States grants and loans to total exportable goods.

That, Mr. President, tells the tale. That tells us where our money is going and just what kind of effect it has on our foreign trade. It is very revealing, I may say.

These figures show that the exports of goods from the United States has decreased consistently, if we take into consideration the exports for which the American taxpayer puts up the funds.

To talk about the 1934 Trade Agreements Act increasing the markets for the goods of the United States is plainly silly, in the light of these tables. Anyone can increase exports, if he wants to start exporting gifts. Philanthropy is a fine virtue, but if, in the guise of philanthropy, we use the funds of the taxpayer to foster the existence of empire nations, the exploitation of the subjugated peoples of the world, all we shall earn for our so-called philanthropy is hatred and the growth of alien political philosophies abroad. The active support we are giving to the socialist countries, which are socialist in their home countries, and empire-minded abroad, may well spell the doom of the United States as we now know them.

EMPIRE NATIONS STILL EXPLOITING COLONIAL PEOPLES

Mr. President, I want to say to the Senate that it was my good fortune to spend a little time in the Tropics, in Batavia, in Indonesia, where the new government was established and which the Dutch knocked over a little later through the use of our money. We are spending millions of dollars over there to keep the people under the colonial yoke. The same is true in Singapore, Saigon, and Indochina. I visited those nations and found, first, that the empire-minded nations did not give the residents of those countries a fair share of the earnings. I have already described how they do it through an exchange pool in Indonesia, and it is done to a little lesser degree on the same principle in the other nations I have mentioned. But this may not be the most serious part of the picture over there. We have stated that under the United Nations every nation is going to be free. That is what was said in San Francisco. Every nation is going to shift for itself. It is going to hold up its head and have a higher standard of living. Why are we pounding the ears off the little Far Eastern people, furnishing money to buy the guns to do this job? What are we going to do with Holland or England or France if they lose their colonies? I do not know. But over a period of 2,000 years there has been a great deal of progress. Not always the same people have been progressing. If we are to stop all this progress, it will be quite a job.

The worst thing, in my opinion, is the fact that the people of the Far East know we are spending this money, they know where the money is coming from, and they know the Dutch would not be in Indonesia if it were not for the money coming from the United States. The Malayan people know that the English would not be in Singapore if it were not for the money coming from the United States. So what is the effect? It is not hard to guess. We are furnishing the money to keep them under the colonial yoke. Russia has promised them relief from the yoke. So, without any fanfare of drums, they are just waiting for the time to arrive, and eventually the people of those nations will try to kill everyone close to them and join with Russia. I see grave indications that we may be there. The British are arming Hong

Kong. I have a newspaper clipping with reference to that subject.

UNITED STATES HAS NO ASIATIC POLICY

Mr. President, we are not sure at this time what the agreement is as to moving into Hong Kong. I do not say that we should not move into Hong Kong. I am saving that if we are going to move into Hong Kong, we need, first, an Asiatic policy, and we need to know where we are going from Hong Kong. I have seen China all the way from the Great Wall and beyond, I have been to the Equator and down to Melbourne, Australia. During World War II, I spent some time in New Guinea, Port Moresby, and other points. The people of these nations are not slaves; other nations have made slaves of them. We are fooling with fire. As I said earlier today, our course could lead us into a terrible conflict for which we are not ready. We are not ready for it because we do not have an Asiatic policy, and we do not have a European policy. What we need to do is to sit down in the cool of the evening, without the aid of any foreign nations, add this thing up, and determine what our Asiatic policy should be.

When I traveled from one end of China to the other, several interviews were given. I never said we should move into China or into Asia. I said we had better make up our minds. I was in Peiping. It was said the Communists were 8 miles out. I do not know whether they were 8 or 10 or 25 miles but it would not have made much difference if they wanted to do something. General Fu, the night I was in his camp, said to me, "I am through. I was through when General Marshall quit shipping ammunition for the American guns we had. I was through when General Marshall insisted that we get together with the agrarian Communists and let the Communists through the pass up above the Great Wall of China and into Manchuria," which we had already given to the Russians, thus giving Russia a foothold in Asia. The Chinese generals knew what would happen to them, but they stayed there and stuck it out as long as they could.

So, Mr. President, I say again, as I said when I was in China, in the Far East, and in India, that I do not know what our program should be, but someone had better find out before we stumble into Hong Kong to save someone else's hide, when we do not know where we are going from Hong Kong. One of these days the Senate, the House, and the people of the United States will wake up and start talking about a world policy, something which fits America, initiated in the Capital of the United States, and not in Europe.

AMERICAN INDUSTRIES OVERWHELMINGLY OPPOSED TO EXTENSION OF TRADE AGREEMENTS ACT

In tabulating the replies to approximately 300 letters and telegrams sent to various manufacturing enterprises and trade associations requesting information as to their attitude toward a reciprocal trade program, I have already explained the relation which the reciprocal trade program has to the 1934 Trade Agreements Act, I found that the overwhelming majority of replies expressed concern over our present tariff policy, our import fee policy, and opposition to the extension of the trade-agreements program. Of 194 replies received, 114 were against the extension of the program. Sixty-two either expressed no views or referred me to some other person for information. Only 18 of the replies were expressly in favor of extending the trade-agreements program.

Very often we hear someone say with a belligerent attitude, "Are you hurt yet?" I am from the West. If someone out there pointed a gun at your head, Mr. President, and you said, "Put that thing up; it might go off," and he said, "Are you hurt yet?" you would be looking for help from some place.

I want now to give a short outline of the various kinds of industry which feel their existence is endangered by the present policy on trade agreements.

Among the strategically important industries of this country are the producers of strategic metals, both the mining operators and the intermediate processors. The producers of the following strategic metals face either extinction or drastic retrenchment: Mercury, tungsten, antimony, silver-lead concentrates, zinc, copper, manganese, and aluminum. Many more industries have not been hurt yet, but fear for the future of their enterprises either because of the low level of tariffs on the commodities concerned, because of contemplated reduction of tariffs, or simply because foreign industries are becoming more competitive than ever, having frequently been expanded with American help.

TARIFF CUTS HAVE SEVERELY INJURED OUR MINING INDUSTRY

Mr. President, the distinguished Senator from North Dakota asked about mercury. He asked if it was not true that the mercury mines in the United States were closed down. It is true; they are closed down because of competition from abroad principally from Spain. How did it happen? With her state trading, Spain would sell mercury for any price, just to get dollars, so that she could undersell the American market and establish her goods in the American market. When a mine is closed down in America, the price goes up. It is like a gasoline price war. When a station on one corner is closed down, the price on the other goes up, because there is no competition. There is no need to elaborate on the dangers to our security resulting from drastic curtailment of the production of these metals. The loss of the deposits in inundated mines, the loss of know-how, and the loss of the labor force, may well spell the difference between victory and defeat in any future conflict. What endangers the existence and health of these enterprises? Unfair, cut-throat competition from abroad, where low-cost labor, frequently exploited at a wage about one-tenth of our domestic wage, makes cheap production possible. Without adequate tariffs the domestic producer is simply not able to compete with low labor-cost competition. The low, or non-existent, tariffs on imports of strategic materials may put the domestic producer out of business.

Here is a direct threat to our security, and despite statements by many members of industry, and even by some members of the Government who are familiar with the technology of mining, that low tariffs endanger the security of the Nation, the free-traders in the administration persist in advocating the theory that we should preserve our resources in the ground and import the necessary strategic metals.

Mr. President, we hear it said that we will store the minerals in the ground. Minerals are stored in the ground all over the world, but when an emergency occurs, it is not possible to get them in time to do any good if the mining industry is not a healthy enterprise.

The loss in mining know-how, the loss in the deposits which have been laid bare in mines which will become a complete loss, and the lack of exploration for new deposits which can only be carried on by a healthy mining industry, is ignored by the fanatic believers in an impractical and dangerous theory.

NEW INVESTMENT CAPITAL LACKING

Further, Mr. President, all these industries with a sword hanging over their heads with authority to cut tariffs transferred to a Secretary of State whose chief interest lies abroad, whose main interest is in arranging some kind of a treaty or agreement he wants on some other entirely unrelated matter, find

themselves in a dangerous situation. Results to date have shown that and I am sure it will again be proven by the 133 trade agreements or trade negotiations, as they are called, made in France, we will find that already dangerously low tariffs and import fees will be further lowered.

With that kind of a threat hanging over his head, what will the businessman do? Can he get new capital investments for his business? Would any Senator listening to me put money in a business when a Cabinet officer, appointed on account of his ability in some kind of business, although I have not been able to ascertain what it was, except that it was certainly not in an industry, held in his hands the power of life or death over his business? If a man does put money into his business, he has to do the best he can. No one is going to buy him out. Then it would be possible to confiscate, as England and France and other nations which have nationalist schemes and threats to industry are learning. It is possible to freeze the money already invested, and confiscate it, but it is not possible to find any new investments. Let us not forget that it has been new capital investments which have made America great. We are not getting new capital investments, and there are several reasons for that, but the principal ones are the high taxes and the lack of faith in the continued health of the domestic economy.

UNITED STATES TEXTILE INDUSTRY IS BEING HURT

Perhaps less important strategically, but probably more important in regard to its share of the employment of the domestic labor force, is the textile industry. The American textile industry employs about one-fifth of the labor force of the United States engaged in manufacturing. Many believers in free trade assert that with American know-how and American equipment, we can produce more cheaply and efficiently than foreign producers. What the theorists forget or purposely ignore, is the fact that the equipment used in the textile mills all over the world is generally very similar to ours in type and efficiency. Textile products require a large amount of labor, which therefore accounts for a large share of the total cost of the product. Here is an interesting fact; according to figures of the Bureau of the Census, one worker in the automotive industry produced \$10,162 worth of automobiles in 1939, whereas in the textile industry one worker produced only \$4,894 worth of cloth.

In that connection I want to say that there are old-fashioned spindles in Britain and in other parts of the world where textile industries are located, but they will be replaced. New spindles are available, and when the old ones are replaced, not only will the present rate of unemployment continue in the textile industry in the United States, but it will suffer a big increase.

That difference in productivity makes the textile industry very vulnerable to foreign competition. We have to consider that the wage level in the domestic textile industry is approximately 3 times as high as in England, 5 times as high as in Italy and France, and more than 20 times as high as in Japan.

Despite these obvious differences, which cannot be overcome by either better machinery or more efficiency, tariffs are being cut on textile products brought into the United States. The producers of rayon fibers, the glove manufacturers, the weavers of felts for paper making, the makers of woolen goods, the domestic carpet weavers, the industries using silk, all of these and others more, are deeply worried about the effect of tariff cuts on their production and employment. Despite rising imports, the worst has yet to come, since foreign textile production is only beginning to hit its stride. Most of the demands of their own people have been satisfied, or, in those countries which still

have shortages, textile industries produce for export to the American market in order to earn dollars, leaving their own peoples only a small part of their production.

Mr. President, here is another situation we should consider. Nothing is left alone and unhampered within those nations which start to take over industry. They have the socialistic idea that they must interfere with the normal routine of commerce. So, regardless of all the things I have mentioned several times this afternoon, of quotas and currency manipulations, specifications, and other means of stopping imports, we will have lower tariffs and provide a free market in our country. One of the greatest activities is continual meddling in the channels of commerce, so that nothing is normal.

Our businessmen do not know how to deal with that kind of people. Our businessmen know how to deal only with those who live and trade according to some principle. Businessmen of America operate according to principles. They will take every advantage possible within the limits of these principles. But they do not depart from principles in their operations. They do not try to run the entire industry through a Government agency which can, by means of Executive order, break anyone or make him bankrupt, or upset the industry so no one can invest money in it with any assurance that his capital will be safeguarded, let alone that he will make a profit on his operations or interest on the investment of his money.

CONSTITUTIONAL SEPARATION OF POWERS IGNORED

Mr. MALONE. Mr. President, in closing, I wish to say that for 22 long years, under 3 Presidents, this policy has not changed. In 1934 Congress was prevailed upon to transfer to the President of the United States its constitutional responsibility to regulate foreign trade and to regulate the domestic economy. That constitutional responsibility is definitely set forth in article I, section 8, of the Constitution, and in article II, section 2, it is provided that the President shall regulate foreign policy.

The Constitution of the United States pointedly separates the two powers. But Mr. Acheson and Mr. Thorpe, and now Mr. Dulles, have continually hounded Congress to put them together, which was done by a simple act of Congress amending the Constitution of the United States, and we have continued to extend it.

In 1951 we were able to cut the time of the extension to 2 years. It had always previously been 3 years. In 1951 we cut it to 2 years. In 1953 we cut it to 1 year. In 1954 we cut it to 1 year, and on tomorrow the Senate will vote on the question of extending it 3 years—to continue the marriage of the regulation of the national economy, the domestic economy, and the regulation of foreign trade, with the setting of foreign policy, and placing all in the hands of the State Department. So we are right back where we started before the Declaration of Independence was signed, when one man had everything at his fingertips.

FOREFATHERS' ADVICE FORGOTTEN

Washington, Jefferson, and Ben Franklin said, "That will never again happen to the American people." But in 1934 we were so far away from the dog that had bitten us that we passed the Trade Agreements Act, and now the Senate is seriously considering the continua-

tion of the marriage to which I have referred.

During the delivery of Mr. Malone's speech,

Mr. O'MAHONEY. Mr. President, will the Senator yield to me for 3 minutes?

The PRESIDING OFFICER (Mr. MORSE in the chair). Does the Senator from Nevada yield?

Mr. MALONE. I yield to the Senator from Wyoming with the understanding that I do not lose the right to the floor, and that any remarks the Senator may make will appear at the end of my speech.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. O'MAHONEY. Mr. President, I intend to discuss this question at length a little later in the day, but when I look around the Chamber and see the great disinterest which Members of the Senate have in this measure, it seems to me that the title of this bill should be "A bill to take away from the Congress its legislative powers granted by the Constitution of the United States."

With the consent of the Senator from Nevada, who was present in the committee at the time I testified in support of an amendment which I shall offer later, I desire to read into the RECORD a letter which I sent to every member of the committee, boiling down, in less than two pages, the real meaning of what is being done here by the agreement of those who seem to imagine that they are delegating to the President of the United States the power to do the work which under the Constitution the Congress should do.

I wish to show, also, the extreme disregard in which Secretary of State John Foster Dulles holds the Congress of the United States. He told the Finance Committee, on which the Senator from Nevada sits, that Members of Congress may have brains enough to know what their constituents may want, but they are not equipped to attend to the great international questions of the Nation. Mr. President, I deny it.

Mr. MALONE. Mr. President, this is the 9th year I have stood on the floor of the Senate and have said exactly what the Senator from Wyoming is now saying; and I said it when the Senator from Wyoming was formerly a Member of the Senate, and when he voted for the extension of the Trade Agreements Act.

Mr. O'MAHONEY. Mr. President, I said this 20 years ago.

Mr. MALONE. But the Senator from Wyoming voted for the last three extensions of the Trade Agreements Act; he voted for extending it, until he was no longer a Member of the Senate.

Mr. O'MAHONEY. Mr. President, let the friends of the Constitution and the Congress—

Mr. MALONE. The Trade Agreements Act is no more constitutional today than it was in 1934.

Mr. O'MAHONEY. Mr. President, what is the use of the Senator from Nevada and myself engaging in a fight.

Mr. MALONE. I am not fighting the Senator from Wyoming; I am merely telling him.

Mr. O'MAHONEY. Very well. But if I undertook to tell the Senator from Ne-

vada, the Senate would never pass such a bill. However, there is a limitation on the debate.

Mr. MALONE. There is no limitation on the debate today.

Mr. O'MAHONEY. Mr. President, with the kind consideration of the Senator from Nevada, I should like to read this letter, because I wish the Press Gallery to know what is coming up.

Mr. MALONE. Mr. President, I hope the Press Gallery knows that for 9 long years the Senator from Nevada has said exactly what is contained in that letter, and is saying it again today, and will say it again tomorrow.

Mr. O'MAHONEY. Mr. President, this letter was written to every member of the committee, after I had testified. The letter I am about to read was addressed to the Senator from Oklahoma [Mr. KERR], and it reads as follows:

DEAR BOB: Now that the Finance Committee is considering its final action on the bill to extend the Reciprocal Trade Agreements Act for another period of 3 years, I desire to call your attention first to a statement which I prepared for presentation to the committee in support of my amendment providing that no trade agreement negotiated by the President shall become effective until approved by Congress. I am also enclosing a copy of three paragraphs of the testimony of Secretary of State John Foster Dulles, taken from page 2371 of the original transcript.

Mr. President, it is now to be found on pages 1240 and 1241 of part II of the hearings.

I wish that every editor in the United States and every Member of Congress, whether in the Senate or in the House of Representatives, would read these three paragraphs of the testimony of John Foster Dulles.

I continue to read my letter:

My deepest concern in this matter lies in the fact that, if this extension should be granted, Congress will have provided for the delegation to the President during a period of more than 20 years of a clearly legislative power. This is doing at a time when free government, that is to say, government by authority of the people, stands at bay throughout the world, while executive authority with dictatorial power is proceeding in its effort to conquer the world.

A reading of the three paragraphs taken from the testimony of Secretary Dulles shows that the Secretary of State holds the following views:

1. That Senators and Representatives are primarily sensitive to local business and employment conditions.
2. That it is not possible for every member of Congress to "know with intimacy the international implications of our trade policies."
3. That these implications "are so delicate that they cannot be publicly discussed without endangering" the security of the United States.

Mr. President, at this point I suspend my reading of the letter to remark that almost 2 days before the Secretary of State expressed that view of the necessity of secrecy in international affairs, he was having the Yalta papers released to the press by devious methods.

I continue to read from my letter:

4. That "one man, and one man alone, is so situated as to have the complete, overall picture"—the President of the United States.

It would be difficult to compress into a smaller compass the modern argument of the totalitarian against government by the people. Is it true that Senators and Representatives of the United States are not capable of understanding conditions that exist beyond their own States or Districts? Is it possible that they are incapable of comprehending the implications of international trade? Is there any necessity for the secret negotiation of trade agreements? Is it possible that Secretary Dulles actually believes that the President is the only person in government capable of understanding the overall picture?

At the very moment that Secretary Dulles, on March 14, was giving this testimony and the Finance Committee was considering the bill, an Assistant Secretary of State in Geneva, not the President of the United States, was signing an agreement with 34 other nations with respect to international trade. At the same time, the Department of State, over which Mr. Dulles presides, was releasing the Yalta papers.

It is argued that the bill contains standards which make the bill a constitutional delegation of legislative power to the President. This argument overlooks the fact that there is no limit on the governments with which an agreement may be made, nor any limit upon the commodities or articles to be affected.

Since that time, Mr. President, I understand that a so-called textile amendment was submitted, and that it was designed to affect and restrain imports into the United States from Japan.

I read further from my letter:

The framers of the Constitution, with careful and deliberate forethought, divided the powers of government into three separate categories. When we say, as will be the case if congressional approval of trade agreements is not required before they become effective, that the Congress is unworthy to be trusted with knowledge of the contents of the trade agreements before they become effective, then we are saying that the legislative power so carefully described in the Constitution has ceased to be an efficient instrument of free government in our time.

Now, Mr. President, with the further indulgence of the Senator from Nevada, I shall read the three paragraphs of Secretary Dulles' testimony. He says, as appears on page 1240, part II, of the hearings:

It is understandable that there is, in the Congress, some reluctance to delegate to the President a discretion, the use of which might affect adversely certain particular business activities. I was myself a Senator long enough to appreciate the reasons for such concern. Each Senator and each Representative properly knows, and is sensitive to, business and employment conditions within his particular State or district.

But it is not possible for every Senator and Representative, or for the Tariff Commission, to know with intimacy the international implications of our trade policies. Oftentimes, indeed, these implications are so delicate that they cannot be publicly discussed without endangering the security interests of the United States.

One man, and one man alone, is so situated as to have the complete, overall picture. He is the President of the United States. He comprehends both the domestic and international aspects of the problem. If the President is not entrusted with discretion within the closely prescribed limits contemplated by H. R. 1, then that means that the tariff policy of the United States will be operated without due regard to international considerations. That will inevitably endanger our Nation.

Mr. President, when I was a student in high school, a student in college, or a student in law school, I never dreamed that the time would ever come when I would hear the chief Cabinet representative of the President, the Secretary of State, utter such words as those. They were not uttered on the spur of the moment. They were written down carefully.

What he was saying was simply that the framers of the Constitution did not know what they were doing when they gave to the Congress, in article I, section 8 thereof, the power to lay duties and imposts. Those are tariffs. Not a word is there about allowing the executive power to make such laws, to enact such legislation. The words uttered by Secretary Dulles in derogation of the dignity, the knowledge, the duty, and the ability of the Senate and of the House might well have come from a supporter of Hitler, a supporter of Mussolini, or a supporter of Lenin and Stalin. It is the language of the totalitarian. Congress makes its mistakes, but Congress is the legislative authority of the Government of the United States.

Mr. MALONE. A bill was introduced in the Senate by the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Massachusetts [Mr. KENNEDY] to compensate workmen and investors when they sustain a loss of jobs and investments through the workings of the 1934 Trade Agreements Act. The State Department has many times suggested such an act by Congress, because members of that Department know they are going to move workmen and investors around like checkers.

Mr. O'MAHONEY. In other words, that is a bill which provides that, if Members of Congress, by neglecting their duty, by delegating it to the President and the anonymous assistants to whom he would redelegate the power, should cause injury to the people of the United States, then the Congress should try to make amends for its neglect by granting monetary damages.

THE CASE FOR FLUORSPAR

Mr. MALONE. Of course. The distinguished junior Senator from Kentucky [Mr. BARKLEY], a member of the Senate Finance Committee, stated that he was one of the authors of the original bill in 1934.

However, in this session, he wanted fluorspar protected, because fluorspar is used in making steel, and fluorspar is produced in Kentucky, and the miners of fluorspar were idle.

I reminded the distinguished Senator in committee that a bill had been introduced to compensate those people, and that the State Department had long since recommended such procedure. I reminded him, furthermore, that he could not maintain that considerations of national defense made it important to produce fluorspar in Kentucky or other States, because we can get it from Mexico and Canada, where we are now getting it, with the result that mines in Kentucky, Illinois, and other States are shut down. We can get it from Canada and Mexico in time of war as well as in time of peace. So

the argument could not be based upon security reasons.

I reminded the chairman of the committee and the committee itself that the argument could be made on an economic basis.

The economic structure of the Nation is dependent upon the small communities. That is the only safeguard we have today. It is the smaller communities which suffer economically from such a policy as I have described. That includes every little community where fluorspar is produced, or where any one of the group of strategic minerals and metals is produced; communities where textiles are produced, where petroleum is produced, or where any one of 5,000 other commodities is produced.

Mr. O'MAHONEY. I will say to the Senator that if we continue the process of delegating away the authority and the duty imposed upon us by the Constitution of the United States, these seats on the floor of the Senate, which are now empty because Senators have already promised that they will go along, will be empty permanently, because we shall have transferred to the Executive the powers of the Congress.

CONGRESS HAS SHIFTED MOST OF POWERS TO WHITE HOUSE

Mr. MALONE. I may say to the junior Senator from Wyoming that over a period of 22 years we have already transferred the greater portion of our constitutional authority to the Executive. At the present time practically all the authority Congress has is to set the tax rate. Over a period of 22 years we have established the policy of accepting the estimates for the budget from the White House. Nothing has ever been done on the floor of the Senate except perhaps to make an increase or a reduction of 5 percent. Our function in that field could just as well be performed by a group of high school students, because Congress accepts the policy represented by the budget sent to it.

The point I make is that so far as budgets and appropriations are concerned, for all practical purposes they are in the hands of the Executive.

TREATIES NOW CALLED EXECUTIVE AGREEMENTS TO AVOID TWO-THIRDS SENATE VOTE

On the other hand, instead of calling treaties by their right name and submitting them to the Senate, where a two-thirds vote would be required to approve them, the executive department calls them agreements, requiring, for their approval, only a majority of each House—if, in fact, they are submitted to the Congress at all.

Now we come to the question of transferring the constitutional authority and responsibility of Congress to regulate the domestic economy as well as foreign trade, through adjustments of duties, imposts and excises—the language of the Constitution in article I, section 8. That authority was transferred to the Executive in 1934, following the admonition of the then President.

SECRETARY OF STATE IN 1949 QUOTED

Let me read what the Secretary of State said in 1949. I shall read from a reprint of one of my speeches at that

time. The situation has not changed one iota since 1934. This is what I said, after a quotation from a convention:

However, the present Secretary of State has attempted in every way possible to tie the two together.

Meaning the regulation of the domestic economy and the regulation of foreign trade. In the Constitution of the United States they are pointedly separated. I have already quoted language from the Constitution to the effect that the Congress itself must regulate foreign trade and the domestic economy.

In article II, section 2, the Constitution is specific in providing that the Executive shall regulate the foreign policy. The Secretary of State had been continually tying the two together.

However, the present Secretary of State has attempted in every way possible to tie the two together, as witnessed by the testimony of Willard L. Thorp, Assistant Secretary of State, when he appeared before the Ways and Means Committee of the House in January of this year in support of the 3-year extension of the 1934 Trade Agreements Act now before the Senate, when he said:

"1. The European recovery program (Marshall plan or ECA) extends immediate assistance on a short-term basis to put the European countries back on their feet."

In my speech in October 1949 I said exactly what the Senator from Wyoming is saying today.

2. The 1934 trade-agreements program is an integral part of our overall program for world economic recovery.

3. The International Trade Organization—

Mr. President, that is the organization which Congress refused to accept. That is the organization Mr. Thorp was promoting at that time. Today the department is promoting an organization called the Organization for Trade Cooperation. I point out to the Senator from Wyoming that we did not approve GATT, but we did not interfere with the workings of GATT, because it never came before Congress.

Mr. O'MAHONEY. In other words, we are sending abroad to Geneva the constitutional power of Congress?

Mr. MALONE. Very well. I am sure the Senator is old enough to remember the baseball play known as Tinkers to Evers to Chance.

Mr. O'MAHONEY. I remember it very well.

Mr. MALONE. This is a Tinkers-to-Evers-to-Chance play. Congress makes the play to the President, and the President makes the play to Geneva, 3,000 miles away, to an organization in which there are 33 votes, and in which we have only 1 vote on multilateral agreements. When the President's representatives sign an agreement, we are bound by it.

Mr. O'MAHONEY. I wish to elucidate a little further and bring up to date the Tinkers-to-Evers-to-Chance allusion which the Senator has made.

Mr. MALONE. It is not an illusion. It is exactly what we have done.

Mr. O'MAHONEY. It is a baseball allusion, nevertheless. What the Senator means is Tinkers—Dulles—to Evers—Eisenhower—to Chance—the 34 nations in the agreement.

Mr. MALONE. And the play is clear out of the Senate's hands when it votes

tomorrow afternoon to approve the pending legislation.

Mr. O'MAHONEY. I will say to the Senator from Nevada that he is a very good pitcher. However, we do not have any catchers.

Mr. MALONE. The people of the United States are the catchers.

I spoke on the floor of the Senate on September 13, 1949, and I should like to call the Senator's attention to what I said on that day, when we were discussing catchwords and catch phrases.

Incidentally, the phrase "reciprocal trade" is merely one more catchword, and it was invented by the London bankers.

I read from my speech:

The 1934 Trade Agreements Act has been labeled "reciprocal trade," yet that phrase does not occur in the 1934 act—it is simply a catch phrase to sell free trade under a more appealing name. That is the significance of the proposed 3-year extension of the 1934 Trade Agreements Act which is before the Senate at this time.

The phrase "reciprocal trade" is just one more catchword boiled up out of a mess of catchwords and historic slogans such as "make the world safe for democracy," "the four freedoms," "the forgotten man," "economic royalists," "we owe it to ourselves," "we cannot be prosperous in a starving world," then comes the "bold new program," and dozens of other pithy expressions which divert the minds of men during times of extreme nervous stress and strain.

Has that situation changed?

Mr. O'MAHONEY. Not at all. Mr. President, I ask unanimous consent that the amendment which I intend to offer when the opportunity presents itself be printed in the RECORD at this point.

There being no objection, the text of the amendment intended to be proposed by Mr. O'MAHONEY was ordered to be printed in the RECORD, as follows:

At the end of the bill insert the following new section:

"SEC. —. No foreign trade agreement hereafter entered into under the authority delegated to the President by section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), no amendatory or supplementary agreement hereafter entered into under such section, and no duties or other import restrictions specified in a proclamation issued by the President to carry out any such foreign trade agreement or any such amendatory or supplementary agreement, shall take effect until the Congress by law has specifically approved such agreement; and no notice of termination under section 2 (b) of the act of June 12, 1934, as amended (19 U. S. C., sec. 1352 (b)), shall take effect with respect to any foreign trade agreement, or any amendatory or supplementary agreement, hereafter entered into under such section 350, until the Congress by law has specifically approved such notice of termination."

Mr. MALONE. I wish to say one more thing to the Senator from Wyoming. I am happy that he is joining the senior Senator from Nevada in this fight.

Mr. O'MAHONEY. I began my fight in 1934.

Mr. MALONE. The Senator voted for the program, however.

Mr. O'MAHONEY. A different situation prevailed at that time.

Mr. MALONE. It is not any different from that of today. It is exactly the same as it was in 1934. It is history,

like Yalta; and, like Yalta, let us never do it again.

The reason Washington, Jefferson, and Benjamin Franklin, in writing the Constitution, separated the two powers was that they had been pushed around for a long time by a king who had at his fingertips the fixing of domestic policy and the fixing of foreign policy and the fixing of trade policy by executive order, and they resolved it would never happen to the American people. Therefore, they pointedly separated the power to fix foreign policy and the power to regulate the domestic economy, so that one could not be traded for the other without the concurrence of Congress.

We were in 1934, and we are now, so very far from the dog that bit us—

Mr. O'MAHONEY. That it has become a habit.

Mr. MALONE. It was not a habit in 1934. The program was sent to the Congress with the demand that Congress pass it. Apparently Members of Congress were afraid to go home without voting for the program. The President said Congress must pass the legislation, and Congress did pass it.

ECONOMY TRADED FOR FANCY FOREIGN POLICY

Congress passed the act which tied the two powers together. By a simple act of Congress there was transferred to the Executive Department the responsibility of fixing duties and regulating foreign trade and regulating the domestic economy. Now what can the President do, and what has he been doing for 22 years? He is trading the American economy for a fancy foreign policy, and the pending bill, if passed, would tell him to go ahead and continue to do it.

DULLES TESTIMONY CALLED INSULT TO CONGRESS

I ask Senators to read the testimony given by Mr. Dulles before our committee. It was an insult to Congress. Yet Congress is taking it lying down. The regulation of foreign trade and of the domestic economy belongs to Congress, because every precinct in the United States is represented on the floor of the Senate—or at least it has a chance of being represented—and in the House of Representatives.

Mr. Dulles and his predecessors have cohorts in Europe. I have stated on the floor of the Senate, and I say it again, that Mr. Churchill and Mr. Eden have been ex officio members of the State Department for 22 years. We do not do anything that they do not approve. Why? I should like to know why.

We are the only nation on earth that has in office men who do not work for our own people. I admire the English on two counts. I am a great admirer of the English, I will say to the junior Senator from Wyoming, first, because they have brains and, second, because they are for their own country. They have brains and they are for England. If we have brains, we have not learned to use them. We are not for our own country and for our own working men and investors. I am glad to be joined by the distinguished Senator from Wyoming in that conclusion.

Mr. O'MAHONEY. I am very grateful to the Senator for having permitted me to make my remarks.

Mr. MALONE. I am grateful to the distinguished Senator from Wyoming for at last speaking his mind.

Mr. O'MAHONEY. I have never hesitated to do so.

Mr. MALONE. I hope the Senator, in voting this time, will use his mind.

ORDER FOR RECESS UNTIL 10:30 A. M. ON WEDNESDAY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in recess until 10:30 a. m. tomorrow.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Without objection, it is so ordered.

ANNOUNCEMENT CONCERNING CONFERENCE REPORT ON THE POSTAL PAY BILL

Mr. JOHNSON of Texas. Mr. President, I desire to make a brief announcement.

It is my understanding that the conferees have agreed today on the conference report on the postal pay bill which affects half a million or more postal workers. I understand all the members of the conference committee have signed the report, and I should like to give notice that if we can work it into the schedule this week, consideration will be given to the conference report. I shall consult with the minority leader and with the chairman and ranking Republican member of the committee, and it may very well be that if we conclude consideration of the Interior Department Appropriation bill on Thursday, we can take up the conference report. I should like every Member of the Senate to be on notice that the conferees have reached agreement and their report will be taken up by the Senate as soon as opportunity is afforded. It is my understanding that the House will have to act first.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, May 3, 1955, he presented to the President of the United States the following enrolled bills:

S. 37. An act to amend the act increasing the retired pay of certain members of the former Lighthouse Service in order to make such increase permanent;

S. 948. An act to provide transportation on Canadian vessels between ports in southeastern Alaska, and between Hyder, Alaska, and other points in southeastern Alaska or the continental United States, either directly or via a foreign port, or for any part of the transportation; and

S. 1094. An act to amend section 402 of the Federal Employees Uniform Allowance Act, approved September 1, 1954.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had agreed to a concurrent resolution (H. Con. Res. 121) requesting the President of the United States to return to the

Senate the enrolled bill (S. 1094) to amend section 402 of the Federal Employees Uniform Allowance Act, approved September 1, 1954, in which it requested the concurrence of the Senate.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I understand the senior Senator from Illinois is prepared to address the Senate.

The PRESIDING OFFICER. The Senator from Illinois may proceed.

Mr. DOUGLAS. Mr. President, today the Senate of the United States is engaged in debate on an issue which can be traced back to the very foundations of our country.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I shall be glad to yield.

Mr. JOHNSON of Texas. Mr. President, because of a previous engagement I shall be away from the Chamber for the next hour or so. I have conferred with the minority leader, and by a joint agreement, because of the fact that many Senators are attending the chamber of commerce convention, there will be no business transacted this evening. I have asked the distinguished Senator from Illinois [Mr. DOUGLAS] to act for me in my absence in connection with any matters which require attention.

I understand there are other speakers scheduled for this evening. I merely wish the RECORD to show that both sides of the aisle, the majority leader and the minority leader, have agreed that there will be no business transacted, although insertions may be included in the RECORD. I should like the Senator from Illinois to act for me when he is present, or ask some other Senator to do likewise, if the Senator from Illinois is not present.

I should like the Chair to have notice that that is the agreement of the leadership.

The PRESIDING OFFICER. The Senator from Illinois may proceed.

Mr. DOUGLAS. Today, Mr. President, the Senate of the United States is engaged in debate on an issue which can be traced back to the very foundations of our country. Tariffs and trade policy were major factors in the revolt of the colonies against Great Britain; in the establishment of our Constitution; in the strife which divided North and South; in the periods of panics and prosperity which have dominated our economic life; in the establishment and growth of trusts and monopolies; and in the latter day development of America as the major creditor Nation of the world and the leader of the free world fight against international tyranny.

This debate, on the extension of the Reciprocal Trade Act for another 3 years, is on an issue which transcends such

questions as quotas for the independent oil producers, protection for the textile trades, or bounties for bicycles. It goes to the root of our historical processes.

A tariff, Mr. President, is a tax. It is a tax on consumers for the protection of producers. As a tax on consumers it is not unlike a sales tax. Like a sales tax it is regressive; that is, it hurts low income groups more than high income groups. Because of these elementary facts the tariff issue has divided the country, historically, between the protectionists—who since the days of Alexander Hamilton and before, have supported the rich and well born—and those who wish freer trade, fewer restrictions, and who have fought for lower tariffs in the interests of the consumer and of the Nation as a whole. It is an issue which divides us between those who support the particular interest and those who support the general welfare. It is a question of taxing the many for the benefit of the few, or of temporary dislocation of the few for the benefit of the many.

It is an issue, also, Mr. President, where glib generalities and easy arguments, the slogans and shibboleths, lie with the protectionists, but where the truth, the hard, difficult, fundamental truth, lies with the cause of freer trade and fewer restrictions.

It is a paradox in our economic life that those who live by such slogans as "Free enterprise," "Competition," "Rugged individualism," "No Federal interference" are in general, although not universally, the supporters of protection which creates monopoly, limits competition, provides protection for the producer, restricts enterprise, and uses the Federal Government as an instrument to interfere directly in our economic affairs. On this issue, one must doubt either the fundamental sincerity or the consistency of those who call for no Federal interference, except when it helps them, who wish competition, except in their own business, who are for rugged individualism, for the other fellow; and whose real position measured by their deeds is for gross Federal interference if it benefits their own interests.

MODERN PROTECTIONISTS COPY BRITISH MERCANTILISM

The economic policies of Great Britain in the 17th and 18th centuries, which our forefathers rebelled against, were policies with which the protectionists, perhaps unwittingly and unknowingly, wish to shackle us with today. Those policies, Mr. President, were the promotion of nationalism, the protection of domestic industry, the restriction of trade, Buy British policies, the attempt to export more than to import, and the demand that trade be carried in British ships, all summed up by the term "beggar my neighbor" policies. The counterpart of these policies are seen today in the Buy America Act, the attempt to impose quotas, the demand for protection against imports, and a subsidy for exports, the cries to equalize production costs against so-called cheap foreign labor, the largess received by the private merchant marine, and the swarm of industries who plead their cause in the name of national defense. Our Nation, Mr. Presi-

dent, was conceived in a rebellion against the very policies, which the protectionists advocate today.

Let us trace briefly our tariff history so that the sins committed by the protectionists against our historical progress, against political democracy, economic liberties, and social justice may be made clear.

First, what were the British laws and regulations which led to the cry of "no taxation without representation"? They were the acts which every schoolboy is required to learn but the significance of which somehow gets lost by the time he reaches manhood. There were the various navigation acts, the principal one of which was that of 1660, which required imports and exports to and from the American colonies to be carried in British ships "whereof the master and three-fourths of the mariners at least are English," in the terms of the act. There was the wool act of 1699 which prohibited the sale of wool, yarn, or woolen cloth by the Colonists under any condition whatsoever, and the Hat Act of 1732 which prohibited the sale of American hats abroad or to any other colony. There was the Molasses Act of 1733 which placed a prohibitive tax on American trade in sugar, rum, and molasses with the French West Indies.

Fortunately, these and other restrictive acts were not vigorously enforced until after the end of the French and Indian War of 1763. Had it not been for this failure, American trade with the West Indies would have been destroyed, and trade in wool, hats, and other items between the Colonies and abroad would have been ruined.

In 1767, the British Parliament passed the Townshend Revenue Act. This act—ostensibly for the purpose of raising revenues—imposed numerous specific duties on imports to the Colonies from Great Britain and which the American colonists had to pay. Among these duties, the following may be of interest: 4 shillings, 8 pence on every hundredweight of crown, plate, flint, and white glass; 1 shilling, 2 pence per hundredweight of green glass; 2 shillings for every hundredweight of red lead; 1 shilling, 2 pence for every hundredweight of white lead; 2 shillings for every hundredweight of painters' colors; 3 pence for every pound of tea, which led to the celebrated Boston Tea Party; 12 shillings for every ream of paper, usually called or known by the name of Atlas fine, to name a few items.

AMERICAN GLASS INDUSTRY PROTECTED FOR 188 YEARS

I digress for a moment here, Mr. President, to point out that the American glass industry, which has come before our committees of Congress to plead for tariff protection in this year, as in other years—has been the beneficiary of a tariff on foreign products since the year 1767—or for 188 years. When, oh when, will the American glass industry be able to stand on its own two feet? Initially, the industry argued that it needed protection to establish itself—that it was an infant industry. In 1955, the same industry is here again, arguing now that it is unable to compete with cheap foreign labor. In the early days,

when their labor costs were low, they argued for tariffs to protect them as an infant industry against the more efficient, higher labor-cost industries abroad.

We do not know and we cannot say how much the American consumer of glassware and glass products has paid in taxes on imports and higher prices on domestic glass to subsidize this industry in the last 188 years. I have been able to calculate, roughly, that in 1951—if one adds up the duty paid by Americans for imports of handblown glassware, earthenware, chinaware, and optical instruments of glass—just to take a very few items which compete with the domestic glass industry—the American consumer paid at least \$20 million in higher prices for the products of this kind which he brought from abroad. At the present rate of duty, American consumers, therefore, can expect to pay at least \$20 million a year in duties in the next few years for these items. Will the industry be as successful in the next 188 years as it has been in the past 188 years in keeping these duties on imports? If so, the subsidy to the American glass and pottery industry will amount to at least \$3.7 billions of dollars in that period.

That figure—\$20 million a year—is the amount of money which the American consumer will pay in higher prices for a few selected items of glassware and pottery from foreign sources if that industry is able to keep the tariff for its protection.

But we must add to this amount the higher prices which American consumers pay for American glass products as a result of the tariff—as the industry can command a price virtually equal to the foreign price plus the tariff. So I have only calculated the amount which the American consumer paid in the way of taxes for foreign-made glass products.

The value of the domestic production in 1951 of these items—handblown glassware, earthenware, chinaware, and optical instruments, to take the same few selected items—was approximately \$336.8 million. The average of the tariff on these items was 36 percent. In other words, because of the tariff, the American industry could raise its prices to the American consumer virtually 36 percent of the value of its production. This would amount to about \$123 million which is, roughly, the extra amount of money the consumer paid for these items and which was pocketed by the American producers. Therefore, not only did the consumers pay \$20 million in higher prices for foreign glassware in 1951, but also an extra \$123 million in higher prices for the domestic product.

Therefore, when these particular industries come to us for protection we must say, "What will it cost the American people to subsidize this industry? How much less purchasing power will the American worker have if he pays a subsidy for his daily needs to that industry? How many fewer items will his paycheck buy if he must pay 20 or 40 or 60 percent more for an item than he should pay in order to subsidize an inefficient industry? Who, Mr. President, is fighting for the consumer interest in this tariff fight? And who is fighting for the non-

protected American industries who must pay higher wages, and therefore increase their costs, if they are to guarantee a decent standard of living to their employees, whose pay checks go less far because of the tax they pay for protected items?

These are the issues before us; and the glass industry, which has been protected for 188 years, has with the best intentions in the world forced the masses of the people of this country to pay more in order to keep their protected industry afloat. Would not the fresh breezes of competition help them? Is it too much to suggest that this industry might be more efficient and more competitive today if, in the past, they had been required to compete with foreign products, to improve their methods of production, and to lower their costs—all of which might have come about except for this cushion provided them by the protective tariff?

AMERICAN REVOLUTION RESULT OF RESTRICTIVE BRITISH TRADE POLICIES

Now I should like to return from this digression to the point I was making, namely, that British restrictive acts on the subject of tariffs and trade led, in great part, to the American Revolution.

The Townshend Act, which included the tariff on glass, led to American reprisals—to nonimportation agreements on the part of American merchants. One of these, the Boston nonimportation agreement of 1768, reduced imports from England by one-half in the years 1768 and 1769.

When in 1773 the East India Co. was given a monopoly on the American tea trade, our forefathers reacted, first by the New York Sons of Liberty Resolution on Tea and by the Boston Tea Party of December 16, 1773. The British retaliated with the infamous series of "intolerable acts" in 1774 which challenged the fundamental liberties of the subject. These led, in turn, to a series of resolutions against the Boston Port Act by New York City in 1774 and the Virginia House of Burgesses in the same year, and to the calling of the First Continental Congress on October 14, 1774. In the Declaration of Independence itself Jefferson lists as a specific grievance against the Crown and Parliament the cutting off of American trade with all parts of the world.

In other words, Mr. President, the American Revolution was the result, in large part, of the reaction of American colonists to British restrictions on trade, and the British intolerable acts which were passed to enforce those restrictions on trade against the will of free men. The nature of those restrictions, and the philosophy and the theory behind them, was for the protection of British industry, an attempt at self-sufficiency, and the desire to avoid competition from foreign or colonial sources. I put it to you and the Senate, Mr. President, that the British trade and tariff policies of the 18th century, which led to the American Revolution, are not unlike those which protectionists wish America to follow in the middle of the 20th century.

THE TARIFF AND THE AMERICAN CONSTITUTION

Under the Articles of Confederation following the American Revolution, the

barriers to domestic trade between the States led to the reexamination of the articles. The articles were inadequate for, among other things, they allowed the individual States to erect trade barriers against each other much as nations erect them against each other today. The Annapolis convention, the predecessor of the Constitutional Convention and the Constitution itself, was called by Virginia for the purpose of considering "the trade of the United States." The commercial and industrial interests, led by Alexander Hamilton, had replaced the dominant position held by Jefferson and the liberals during the Revolution. Nonetheless, even they could see that free trade among the members of the Confederation was essential to American prosperity and their own best interests.

The Constitution of the United States, to the great good fortune of us all, gave Congress the power to regulate trade among the several States. This prohibited within the United States the barriers to trade and commerce which so burden the free flow of trade between countries. The Constitution also prohibits a tax or bounty on exports, and it gives Congress—not the States—the power to lay tariffs on imports.

If the protectionists who have swamped Congress in the last year with their pleas for special privilege were to follow their logic to its full conclusion they would, in all sincerity, advocate the repeal of that part of article I, section 8, of the American Constitution which prohibits the erection of trade barriers by the States. They advocate quotas on imports, higher tariffs to equalize production costs, and subsidies by way of tariffs against cheap foreign labor. If we need tariffs and quotas to protect America against Japanese textiles, or residual oil, why does not Maine need a tariff to protect her against California and Florida oranges—in order to equalize the costs of production. Maine producers of oranges—and they could be produced under glass in hot houses—would gain a tariff on California oranges. This would raise the price of California oranges sold in Maine to the production costs in Maine. Why does not New York need a tariff against Illinois and Iowa corn to protect her farmers against the competition from the States where corn can be grown cheaply and in abundance, thus raising the cost of Illinois and Iowa corn to what it costs to grow it in New York? Should not Minnesota try to grow bananas in hot houses by putting up a tariff against bananas from elsewhere?

We see this as economic suicide within our country for at least two reasons. First, the very basis of trade is that owing to differing geography, climate, weather, skills, and natural resources, each area and each region of our country can specialize in the production of a few products which it trades for the products of other areas which have differing resources, skills, soils, abilities, climate, and geography. If the protectionists followed their logic to the bitter end, every county in the United States would erect trade barriers against neighboring counties, and every town

and hamlet would tax the product of its neighboring town to protect local producers and equalize production costs.

As early as 1776, Adam Smith in his *Wealth of Nations*, showed how silly the argument of imposing tariffs to equalize production costs at home and abroad really is. He wrote that—

By means of glasses, hot beds and hot walls, very good grapes can be raised in Scotland, and very good wine can be made of them at about 30 times the expense for which at least equally good (grapes and wine) can be brought from foreign countries.

Yet, in 1904, a century and a quarter later, the Republican Party platform had this to say:

The measure of protection should always at least equal the difference in cost of production at home and abroad.

And again in 1908 the Republican platform said:

In all protective legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between the cost of production at home and abroad, together with a reasonable profit to American industries.

In many cases, Mr. President, the economic doctrines of the Republican Party parallel those of Adam Smith and the 18th century. But here, Mr. President, is an issue on which the Republican Party parades doctrines which even Adam Smith himself rejected over a century and a half ago. In fact, such an argument—to equalize the domestic and foreign costs of production by way of flexible tariff adjustments—was made on the floor of the Senate on April 1 of this year by one of the leading Republican protectionist Members of the Senate.

Second, the reason we avoid such folly within our country is that the citizens of the towns, counties, and States involved would be paying through the nose, by way of higher prices, for oranges and bananas grown in hothouses in Maine and Minnesota than they now pay for oranges and bananas from Florida, California, and the Caribbean.

These, Mr. President, are simple, elementary facts of trade. Yet the protectionists want the people of the United States to pay through the nose for high-cost domestic products that can be produced more cheaply elsewhere. We should invest our resources in the industries and products in which our geography, our climate, and our skills give us a positive advantage over others. And we should trade these items in which we have an advantage for the products of other countries which they can produce more cheaply than can we.

I may say, in this connection, it was the same Adam Smith who said that the division of labor is limited by the extent of the market; the wider the market, the more minute the division of labor. It would not be possible to have the efficient automobile factories of Detroit if those factories were confined in their sales to the State of Michigan. It is because automobiles have a nationwide market, and therefore a large output, that the industry can carry out the minute division of labor, upon which a large part of its efficiency rests.

I may also say that in the battle for advantages in international trade there are comparative advantages as well. Country A may have superiority in producing both articles X and Y over country B, but it may have so much greater superiority in producing article X that it pays it to concentrate on X and allow itself to be supplied with article Y by country B. Then both sides will profit from such an arrangement.

In the same vein, I knew a country lawyer who was the best lawyer in his area, and also the best stenographer and typist; but it paid him to concentrate on being a lawyer and on letting someone else do the typing and the stenography at \$10 a day.

This elementary principle of the division of labor and the specialization of labor was appreciated by the founding fathers in determining what trade policies there should be between the States of the Union. It is a fact which in the international field yet remains unappreciated by too many of our people; it is unappreciated by a majority of the Republican Party, by a majority of our industries, but, I hope, by only a minority of the Senate.

I may say that all the advantages which are obtained from an internal specialization within a country and internal free trade are also available on a wider scale if there exists international trade between countries.

ALEXANDER HAMILTON AND THE TARIFF

When the Constitution was finally ratified and the new Government under Washington was begun, we all know that Hamilton and Jefferson were members of the Cabinet, and that the quarrels between them soon led to the first political parties in our history. We Democrats very proudly trace our history back to Thomas Jefferson. Our Republican friends, although they all too often act as if their party were the only true repository of patriotism, have no such enduring institution and can trace their history back just over 100 years, and followed then in a somewhat jagged line of succession. They are the "junior" party in the country. Nonetheless I believe that both we Democrats and our Republican friends agree that, while Jefferson embodied the ideals of the Democratic Party, Hamilton, if not a Republican in name, embodied the basic principles upon which that party tends to act.

Jefferson, a liberal and humane man, represented the interests of the masses of the people against the dominant group of commercial and trading interests whose views Hamilton interpreted, reflected, and verbalized so well. Hamilton and the Federalists preferred the upper classes to the people, and feared political democracy.

Hamilton himself once said, in responding to a toast at a New York dinner, that "The people, the people is a great beast," and although the 18th-century views of the Federalist on the question of trade between and among the States seem enlightened by comparison with the views of some 20th-century interest groups, their class interests were reflected in our policies on foreign trade.

The first tariff in our history was that of 1789. It was conceived, ostensibly, as a "tariff for revenue only," although there is an obvious contradiction in that phrase which has darkened our legislative halls from the beginning of our Nation.

We see that the phrase, "tariff for revenue only," has in it an obvious internal contradiction. The purpose of a tariff is to keep foreign goods out. If it is successful as a tariff in its purpose of keeping foreign goods out, it cannot be useful in raising revenues. Conversely, if it raises large revenues it is obviously a failure as a tariff, for it allows foreign goods to come in in large quantities. For over 150 years, since Hamilton's time, the protectionists have attempted to sell the country on the idea of a "tariff for revenue only." It is an obvious contradiction in terms. It is an attempt to make the unpalatable palatable. It is an effort on the part of the protectionists to have it both ways.

The tariff of 1789 imposed an ad valorem duty of 5 percent on nonenumerated articles, and specific duties, generally in excess of that amount, on such items as glass, hemp, cordage, nails, and iron manufactures. A drawback of 10 percent was allowed for goods shipped in vessels of the American merchant marine, and other items, such as a tax of 50 cents a ton on vessels of foreign countries in American ports, were features of this first tariff act.

In 1791 Hamilton presented his famous Report on Manufactures, which few men have read, but which almost all who have studied history by means of textbooks rather than reading the original sources, hold strong opinions about. Hamilton's Report was a powerful intellectual feat. At few times in our history have the forces of the rich and well born had such a powerful and able man to verbalize their instinctive reactions. According to the late Prof. Frank W. Taussig, America's greatest tariff historian, the "report remains the strongest presentation of the case for protection which has been made by any American statesman."

In that document, Hamilton argued for protection on grounds of the need for American self-sufficiency. He advocated the home market. He called for protection for infant industries. And he argued, finally, that any increase in domestic prices which come from protection would be offset by the increase in production—an argument which ignored the fact that a protected industry generally operates in a market characterized by restricted competition.

Of course, we hear the same arguments today. Perhaps the kindest thing we may say about the protectionists is that their arguments are the best arguments of the 18th century and are at least 164 years out of date—perhaps I should say 125 years out of date.

Although rates on nonspecific imports were raised to about 7½ percent in 1792, Hamilton's arguments for protection were not fulfilled until the tariff of 1816, many years after his death in 1804, at the hands of Aaron Burr. Thus, notwithstanding Hamilton's advocacy of protection, the first American tariff, for

the most part, was intended to produce revenue, rather than for protection of domestic manufacturers.

Two points may be noticed in passing. The first is that in addition to Hamilton's advocacy of protection, it is in the Report on Manufactures that we find Hamilton's disdain for the weak and the poor in his comments on the place of women and children in industrial establishments. His famous statement that "it is worthy of particular remark that, in general, women and children are rendered more useful, and the latter more early useful, by manufacturing establishments than they would otherwise be" is to be found in the report.

This attachment to protection, coupled with a disdain for labor, is not an outdated factor in our history. It is curious to note that those who have voted, time and time and time again, against every act for the improvement of the conditions of labor, invoke the fair name of labor on behalf of their own restrictive tariff policies. Like Hamilton then, the protectionists today, have little real interest in the welfare of labor.

Here, Mr. President, I should like to skip a century and cite a modern example in support of this assertion. I should like to compare the vote of Republican protectionists on the Reciprocal Trade Act extension with their vote on bills which concern the real interests of labor.

My assertion is that while they invoke the fair name of labor in support of protection, they vote against labor bills in general whenever they have the opportunity. Let us take the votes on the extension of the Reciprocal Trade Acts in 1937 and 1945, and compare them with the votes—occurring rather close together—on the Fair Labor Standards Act of 1938 and the Taft Hartley Act of 1947. Let us put their claims of supporting the interest of labor to the test—the acid test of how they voted.

In 1937, there was a rollecall vote on the trade agreement extension. How did the parties vote? In the House, the Democratic vote was 278 for and 11 against. The Republican vote was 3 for the act and 81 against—almost a unanimous vote. At that time there were not many Republicans in the Congress. In other words, Mr. President, 96 percent of the Democrats voting favored the act and 96 percent of the Republicans voted against it.

In the Senate, 56 Democrats voted for the trade bill, and 9 were opposed; while no Republicans voted for it, and 14 Republicans opposed it. In other words, 86 percent of the Democrats voting favored the bill, and 100 percent of the Republicans voting opposed it. In fact, in the entire Congress there were only 3 Republican votes for the extension of the Reciprocal Trade Act in 1937.

On the vote on extension of the act in 1945—another key vote—in the House, 205 Democrats supported it, and 12 opposed; while only 33 Republicans supported it, and 140 opposed. The Democrats voted 94 percent for its extension, and 6 percent against; while only 18 percent of the Republicans favored the bill, and 82 percent of those voting opposed it.

In the Senate, there were 54 Democrats for, and 5 Democrats against—or 90 percent in favor; while 15 Republicans voted for the act, and 16 opposed, or less than 50 percent in its favor. The Republicans in both the House and the Senate provided only 48 of the 293 votes in favor of extension of the Reciprocal Trade Agreements Act.

These key votes were on issues and during debates in which the Republicans moaned and wailed for protection as beneficial to the interest of labor. But how did they vote in 1938 and 1947 on the Fair Labor Standards Act and the Taft-Hartley Act—the first opportunities to vote for labor, after the votes on these Reciprocal Trade Acts? Did they bleed for labor? Did they jump at the opportunity to provide a minimum wage starting at 25 cents an hour and in 5 years going to 40 cents an hour under the Fair Labor Standards Act, for the workingman whose good name they used in trying to defeat the trade acts? Were they interested in establishing a floor of 25 to 40 cents an hour for the American worker?

Well, here is the vote. In the House of Representatives, only 31 Republicans voted for the Fair Labor Standards Act of 1938, and 48 voted against it—or 61 percent were against the act and 39 percent were for it.

In the House, the Democrats voted 247 to 41 for the act—or 86 percent of those voting voted in favor, and 14 percent voted against. In the Senate, 2 Republicans voted for, and 13 against—or 87 percent against; and 51 Democrats voted for, and 15 against—or 78 percent of the Democrats voted for this pro-labor bill.

On the Taft-Hartley Act, not considered by labor as friendly legislation—the Republicans in the Senate, who in the previous session had invoked labor's name against freer trade, voted 94 percent for the Taft-Hartley Act, or 47 to 3 in its favor. One of the three dissenters has since joined the ranks of the Democratic Party. And they voted 48 to 3 to override the President's veto. In the Senate, half of the Democrats voting were against the bill.

In the House, the Republicans voted 215 to 22 in favor of the act, or 91 percent in its favor, while the Democrats voted 93 to 84 for passage—or 53 percent in its favor. In the House, the Democrats provided 80 percent of the vote against the Taft-Hartley Act, and in the Senate, almost 90 percent of the votes against its passage. I may say that the northern Democrats stood almost as one in opposition to the Taft-Hartley Act, and also in favor of reciprocal trade.

Mr. President, I think it is fair to conclude that, historically speaking, protectionists used to be antilabor, and that there pleas for protection based on their so-called interest in the welfare of labor are not, in fact, supported by their votes when the real interests of labor are at stake.

The second point I want to make is that protection, itself, is against the interests of our working people. Most of the protected industries are cheap-labor industries, and, until very recently, nonunion or company-union industries.

It is true that some of them have been organized in recent years; but for how many years did the protectionists point with pride at their American labor, agonize over the harm to come from the imports of foreign products, and then, as in the textile industry, hire women and children at the lowest possible wages, and welcome each new wave of immigrants who arrived in this country to replace the previous wave of immigrants who had been hired for almost nothing. The protected industries, Mr. President, have never been the high-wage industries.

Obviously, the protectionists cannot have the welfare of labor at heart for, first, the effect of a protective tariff is to increase the profits by monopoly markets—thus increasing prices, and incidentally drawing in the less efficient firms, with higher production costs; and second, the workers have less purchasing power for it is they who must pay higher prices for protected products—thus their wages buy less than they otherwise would, creating a lower standard of living.

THE PERIOD 1800 TO 1816

America's foreign trade policy from 1800 to 1816 was based, not on economic principles, but on questions of expediency. It was an attempt to keep American interests alive while the British and French concluded the Napoleonic Wars. Until 1808, the effect of the war between England and France—often described as the War Between the Elephant and the Whale—was to present America with a great opportunity. McMaster wrote that "Almost the whole carrying trade of Europe was in their—American—hands"; and a recent writer has said that while the great commercial nations were fighting one another for the carrying trade of the world, American ran away with the bone.

Our prosperity was short lived, and our foreign commerce dropped disastrously after 1807. Napoleon enforced his continental system by the Berlin and Milan decrees, and the British countered with their various orders in council. Between 1808 and 1815, this isolation from the rest of the world had the same effect as protection. When the War of 1812 was concluded in 1815, a number of America's domestic manufacturers had been started—especially textiles, owing to the domestic wartime demands for goods not then obtainable abroad. We turned from a trading nation to one whose primary interests were in promoting domestic manufactures. From 1815 to 1914, except for the 14-year period between the Walker tariff of 1846 and the Civil War, America remained isolationist in economic as well as in political and diplomatic affairs.

FROM 1816 TO THE CIVIL WAR

The tariff of 1816, the first truly "protective tariff" in our history, was supported by those from almost all regions and from all parties, in order, it was argued, to stimulate "infant industries."

However, the result, in part, was a steady decline in our foreign commerce from the time of the tariff of 1816 to 1833. In 1816, America entered an era

of good feeling, and a one-party system. I think we should take due note of what happened under that one-party system. It was to be crushed by the reaction to the personality of John Quincy Adams and the split over the tariff of 1824, and the tariff of abominations in 1828.

For 20 years, roughly speaking, after 1816, the tariff became more and more protectionist. In fact, the period from 1816 to the Civil War can be divided into two parts. In the first period, up to the 1830's, the tariff rose year by year under Whig, New England, and Middle Atlantic State dominance of the Congress. That increase in tariffs was led by the increases in the case of textiles and in the case of iron.

The second period, that from the compromise tariff of 1833 to the Civil War, was, except for the Whig tariff of 1842, one of declining rates. The latter period included, also, the Walker Tariff of 1846, one of the most enlightened pieces of legislation we Democrats have passed, and which ushered in a period of prosperity for America unparalleled until the 20th century.

Meanwhile, the Congress passed the tariff of 1824—a protectionist measure—the Middle States—New York, Pennsylvania, Ohio, Kentucky, and Tennessee—received greater representation in Congress, as a result of the census of 1820. Their protectionist pressures resulted in higher duties on iron, lead, wool, and cotton goods. Of course, the manufacturing centers of New England were in the forefront, in wanting high tariffs on both wool and cotton. Then, as today, the wool interests were among the leaders of protection. Then, as today, they were split along lines of personal self-interest and divided among themselves. The woolen textile trades desired duty-free wool for their manufacturing establishments, but a high tariff on woolen goods. The wool growers, of course, wanted a high tariff against wool as a raw material. The textile trades, then as today, cried for protection then for their infant industry, unable to compete with foreign products. When, Mr. President, are these infant industries going to be weaned. Must they still "suck" at the public trough? The wool growers, the ironmasters, and the textile trades of New England and the Middle Atlantic States, made the passage of this protectionist measure possible.

It was in the debate on the tariff of 1824 that Henry Clay, the real founder of the Whig Party, pronounced his American policy and his American system, which were to plague the country and our politics for generations. It was from the time of this debate, too, that the tariff issue became a major one in party politics.

The tariff of 1824 raised the average rate from a low of 5 percent in 1789 and 20 percent in 1816 to 40 percent in 1824. From then on, the forces of protection grew and grew and were triumphant down to the present day, except for three Democratic freer trade tariffs—under Polk in 1846, under Woodrow Wilson in 1913, and under Franklin Delano Roosevelt from 1934 to 1945.

The next tariff to follow that of 1824, the tariff of 1828, was inextricably bound up with party politics, and was passed in a flurry of log-rolling and political maneuvering, probably without precedent in our history to that date, which gained for it the infamous title "the Tariff of Abominations."

Jackson had the support of the South and some of the West who, in the main were free traders. Adams and his party, supported by Clay, were protectionists. In an attempt to win some of the votes from the now more important Middle States, a bill was introduced to increase duties on manufactured goods and raw materials. The tactics were to force the duties so high that in the end the bill might be defeated, thus satisfying the protectionists by jacking up the rates, and the free traders by voting the bill down in the final vote. These tactics backfired, as such log-rolling tactics generally backfire, and in the end the bill was passed.

To the great good credit of the South, the representatives from that section voted solidly against the bill, as did two-thirds of the New England Congressmen. But, a third of the New England Congressmen, representing manufacturers, mainly textiles, combined with the Middle States to gain its passage.

Jackson was elected, but the country was saddled with the most infamous tariff in our history. The average rate was now 44 percent. In rebellion against the act, Calhoun enunciated the Nullification Doctrine. Although I believe that the South was wrong in its stand on slavery, it certainly had a genuine grievance against the Tariff of Abominations which led to the Nullification Doctrine.

Here, then, is a clear example of how the tariff issue and protection, pushed to their extremes, began the processes of division which helped to lead to the Civil War. I have shown that the tariff issue, protection, and restriction were major causes of the American Revolution. Here we find it again, inextricably bound up with the forces which divided our country and led to war and fratricide among our peoples. Although it may be something of an exaggeration, it has nevertheless been said by competent historians that the tariff was as important in causing the War Between the States as was the issue of slavery. Extremes beget extremes; and the South's grievance against the attempt of northern industrial domination was as genuine in this period as it was later, in one of the blackest pages of our domestic history, the period of reconstruction.

The last, almost deathbed breath of protection before the Civil War was the Whig tariff of 1842. The Whigs, of course, were predecessors of the present-day Republicans, and their attitudes on the tariff was as protectionist then as the Republicans are protectionist now. I do not desire to turn this speech into an objective history of the Civil War from the southern point of view, for there were, of course, many issues which led to that unhappy event.

Among the issues and causes of the war were the extreme position taken by

a few, but highly vocal, men in the South on the slavery question. Surely they were wrong in that. But, there were extremists in the North. Apart from many sincere advocates of abolition, there was always lurking behind them the dead hand of northern industrialists and northern manufacturers. The aims of these industrialists before the Civil War were frustrated at every turn, owing to the Democratic majorities in Congress and a succession of Democratic Presidents from Jackson to Buchanan, 1828 to 1860. Only two Whigs, William Henry Harrison and Zachary Taylor, were elected in 32 years, and both died in office, after serving only a short time.

After the war, the Republicans emasculated Lincoln's humane plan for reconstruction. They captured the Presidency. They rigged the Congress by preventing southern representation. They established the Freedman's Bureau. Finally, they waved the bloody shirt to preserve their minority control over the processes of government. I believe that the unwillingness of the protectionists to accept the will of the people, as expressed by the elected Congresses and Presidents before the Civil War—on such issues as trade, tariff, the cross-country railroad, and banking and currency—looms large as a factor creating the extremes which made the conflict inevitable.

What were the conditions which the protectionists so disliked? They were conditions of prosperity, of freer trade, and the protection of the consumers and the masses of the people which resulted from the trade policies of the Democratic administration of James K. Polk, 1845 to 1849, and the great freer trade tariff of 1846, named the Walker tariff, after Robert J. Walker, Polk's Secretary of the Treasury.

There are always conflicting claims between protectionists and free traders as to the causes of prosperity and depression, both pushing forward their pet theories as a cause of prosperity and the other side's pet theories as the cause of depression. Yet, no such exact measurement can be made. Nonetheless, it can be said, and it has been said by America's greatest tariff historian, the late Prof. Frank Taussig, that—

Although a direct connection cannot be traced, he who is convinced on grounds of general reasoning and of general experience, that the principles of free trade are sound and that protective duties are harmful, can fairly deduce the conclusion that the low tariffs of 1846 and 1857 contributed, so far as they went, to general prosperity.

He continues:

When the act of 1846 was passed, the protectionists predicted disaster; but disaster came not, either for the country at large or for the cotton industry.

In a footnote, in his *Tariff History of the United States*, Taussig quotes Abbott Lawrence, one of the leading Massachusetts industrialists, who predicted, when the tariff of 1846 was passed, that a general crash "will take place in the space of 18 months from the time this experimental bill goes into operation; not a specie-paying bank doing business will be found in the United States."

So said this New England protectionist and Whig. I put it to you, Mr. President, that there is an example of Whig, Republican, protectionist "doom and gloom" which far exceeds any statements by Democrats which Leonard Hall can dig from his files.

But a general crash did not take place and, in fact, the country entered a period of expansion and prosperity seldom paralleled in our history.

A few figures quoted by Perey Ashley in his *Modern Tariff History* will suffice to show the great expansion and prosperity which occurred in the years between 1840 and 1860. One should recall that these years were accompanied not only by the freer trade policies of the Walker tariff in 1846, but the repeal of the Corn laws in England in the same year, the end of the last vestiges of the navigation acts in England in 1849, and the free-trade tariff in 1857. England went from a protectionist basis to one of almost complete free trade. I say that because of the freer trade policy in America, which coincided with similar policies in England, and the successes of the Democratic Party in America and of the Liberal Party in England, under Cobden and Bright, the period from 1846 to 1860 was one which has rightly been referred to as a "golden age."

Let us look at some figures compiled by Ashley from the *Statistical Abstracts of the United States*.

Between 1840 and 1860 our population almost doubled—from 17 million to 31.4 million people.

There was a 4-percent increase in the proportion of our people living in cities of over 8,000 people—from 12.5 to 16.1 percent in these 20 years.

The quantity of wheat produced increased from 85 million bushels in 1840 to 173 million bushels in 1860. In other words, our production doubled, because America could now sell in European markets, as a result of American and British free-trade tariffs.

Corn production rose from 377 million bushels to 839 million bushels in the same period, or by 2½ times.

Cotton produced increased from 1.3 million bales in 1840 to 4.5 million in 1860, or by 3½ times, an amount not reached again until 1877.

The value of our manufactured products was \$1 billion in 1850 and \$1.88 billion in 1860, an increase of 88 percent. Much of this was owing to new inventions and better transportation to markets, yet the stimulus of trade had a marked effect on this rise.

Coal output, which was 1.8 million tons in 1840, increased to 6.2 million tons in 1850 and to 13 million tons in 1860, or by 7¼ times.

The production of pig iron rose 3 to 4 times in the period—from 287,000 tons in 1840 to 821,000 in 1860—and that was before the introduction of Kelley's or Bessemer's process in the United States.

Steel-rail production increased 9 times between 1849 and 1860—from 24,000 tons in 1849 to 205,000 tons in 1860.

Cotton spindles used in the United States were estimated at 2.3 million in 1840 and rose to 4 million in 1850 and

to 5.2 million in 1860—an increase of 126 percent.

Foreign trade underwent great expansion. In the 10 years from 1847 to 1857—the years of the Walker tariff—our exports doubled, rising from approximately \$163 million to \$306 million and our imports increased from \$127.5 million to \$363 million.

And, Mr. President, in spite of the lower rates of duty—and it is well to note this interesting and important fact—our customs revenue which, under the Whig protective tariff of 1842, reached a high of \$27.5 million, increased to \$64 million by 1856 under the lower duty Walker tariff. Lower tariffs mean more revenues, cheaper products for consumers, and greater prosperity.

Some tariff historians, largely, I fear, in deference to the manufacturing interests who dominate the boards of trustees of their colleges and universities, and who attempt to write so-called objective facts and to avoid interpretation—which make textbooks such dull reading—have said that the effect of the tariffs on this prosperity and expansion was only small. I beg to claim for the Walker tariff of 1846 and the tariff of 1857, the seed of our prosperity and expansion in those pre-Civil War years.

I can assure you that had circumstances been different, the protectionists would have been quick to say it resulted from the lower tariffs—as, in fact, they did say after the panics of 1837 and 1857—and have said on every occasion when it fitted their interests to do so.

I am reminded of the reply of the victorious general who was asked if he had won the battle. His reply:

It is difficult to say, but I'm the one who would have been blamed if we had lost.

So, Mr. President, we Democrats do not say that our tariff policies in this period were altogether the cause—or the sole cause—of prosperity and expansion—but we can say if there had been depression and contraction, our tariff policy would have been blamed.

CONCLUSIONS TO BE DRAWN FROM TARIFF HISTORY TO THE CIVIL WAR

Well, then, Mr. President, what conclusions can we draw from our tariff history from the founding of our country to the Civil War?

We can conclude that because a tariff is a tax on consumers—like a sales tax—that the issue has divided us between those who support the consumer and the general interest, on the one hand, and those who support the restrictive and particular interest, on the other.

We can conclude that the extreme protectionist policies practiced by England—what was then called the mercantile system—led to rebellion in the American colonies and the American Revolution. In other words, our people rebelled against the same trade policies in 1776 which the protectionists wish to shackle us with today.

Further, we note that numerous articles like lead, glass, wool, iron, and textiles have been protected since the earliest days of our country—and are still unable to stand on their own two feet. After 164 years they are back again,

with their palms out, asking for subsidies. They got them first with the cry of "protect the infant industries." When will these infants be weaned?

It is also apparent that protectionist policies, as practiced by the individual States under the Articles of Confederation, were restrictive, chaotic, and unproductive of the general good, and that opposition to them led, almost directly, to the establishment of our Constitution.

It is also true that because conservative leaders of manufacturing and the monied classes were dominant at the time of the Constitution, and had replaced Jefferson and the liberal leadership of the Revolution, our Constitution, while containing an enlightened policy on commerce between and among the States, fails to apply that policy to our foreign trade. And the one great free-trade article in the Constitution, that which prohibits a tax or duty on exports, was written into our Constitution at the express demand of the free-trade South.

We note, too, that Alexander Hamilton, the first great protectionist, and the ablest advocate of the interest of the monied classes, combined, as protectionists still do today, restrictive trade policies with a disdain for the welfare of the workingman and the interests of the people as a whole.

We can conclude, too, that general economic decline accompanied periods of protection—as that from 1816 to 1833—and that periods of economic growth, expansion, and prosperity were accompanied by enlightened trade policies such as those under the Walker tariff of 1846.

It is clear to us, also, that our 2-party system had its origins in the conflicts over the tariff and protection in 1824 and 1828. They led to the division of our people between Democrats and Whigs, the latter the direct predecessor of the present-day Republicans.

Just as the 2-party system grew out of the tariff conflicts of 1824 and 1828, so did the first division between North and South, which led, 30 years later, to the War Between the States.

It is clear, Mr. President, that those who live by slogans like "competition" and who wrap themselves in the shibboleths of terms like "free enterprise" and "rugged individualism" are the first to seek a tariff subsidy, to avoid competition, and to seek protection and restriction when their own interests are at stake.

Finally, Mr. President, it is fair to assert, that where the tariff was concerned, the Democratic Party was the party of freer trade, fewer restrictions, and enlightened and progressive policies while the Republicans were the party, as they are today, of protection, restriction, and narrow nationalistic interests where foreign trade is concerned.

These are the lessons of our tariff history before the Civil War. With few exceptions they are the principles to be drawn from our tariff history since the Civil War. That chapter, Mr. President, I wish to describe at some length now.

LINCOLN AND THE TARIFF

Just as the protectionists, Mr. President, invoke the fair name of labor in

their own protective interest, while voting against the interests of labor on almost every other issue, so too have they attempted to tie, year after year, the name of the Great Emancipator with their cause. Meanwhile, in those qualities which really describe the martyred President—qualities which one of our great Lincoln historians, J. G. Randall, ascribed to him—his passion for humanity, his avoidance of rashness, his tolerance for others, his enthusiasm for democracy, and his awareness of social needs—are those which the protectionists who invoke his name have avoided in abundance. They have exploited the consumer. They have opposed progress. They have been apathetic to human needs. It mars the sacred name of the wartime President to hear the protectionists invoke his life and qualities in defense of their narrow, restrictive, selfish interests.

Not only do they invoke his name, but many statements ascribed to him by protectionists are false, untrue, and manufactured from the air. I refer, in particular, to the most famous of them all, used on the floor of the Senate as late as February 28 of this year. I refer to the remark which protectionists have ascribed to Lincoln that when asked whether we should build foundries to manufacture steel rails in this country or buy them from England, he is said to have replied—and I give the putative quotation:

If we purchase a ton of steel rails from England for \$20, then we have the rails and England has the money; but if we buy a ton of steel rails from an American for \$25, America has both the rails and the money.

There are only a few things wrong with this quotation. First, Lincoln never uttered it. Second, the protectionists as often as not substitute the word "coat" for "steel rails," and he is said to have said the same words about many other items. They change the item to suit their case. Third, the remark was actually made, many years after Lincoln's death, by Robert Ingersoll. I ask unanimous consent that at the end of my remarks today, there be printed in the *RECORD* as Exhibit I, an article by Frank W. Taussig called *Abraham Lincoln on the Tariff: A Myth*, from the *Quarterly Journal of Economics*, volume XXVIII, pages 814-820, 1914, and 2 shorter additions in subsequent editions of the *Journal*.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit I.)

Mr. DOUGLAS. This article should bury this old chestnut once and for all, and I hope that in years to come, we in the Senate may not have to listen to this old quotation ascribed to Lincoln, which Professor Taussig proved some 41 years ago Lincoln never uttered.

THE MORRILL TARIFFS OF THE CIVIL WAR

After the enlightened "free trade" tariffs of 1846 and 1857, which led to great economic prosperity and expansion, America was saddled, by the Republican Party, with the so-called Morrill war tariffs which shaped our economic policies right down to the time of the first World War. These protectionist

policies were to lead to the most shameful period in our history. It was a period of corruption, debauchment, and flagrant abuse of the public trust. It was the work, in large part, of the protectionists.

I may say that the seeds for that were sown in the Republican National Convention in 1860. In many respects it was a remarkable convention, even though it did nominate a great American for the Presidency, namely, Abraham Lincoln. Even though it advocated humane measures, including homestead legislation, one feature of the program was the apparent implicit pledge which was given to the manufacturing interests of New England and Pennsylvania that if they accepted Lincoln as the candidate and if they were strongly in favor of the Republicans, the Republicans were put in a high protective tariff.

During the Civil War there were three major pieces of tariff legislation—the acts of 1861, 1862, and 1864. All were proposed and passed through the efforts of Representative Morrill, the chairman of the House Ways and Means Committee, and one of the strongest protectionists, with the possible exception of McKinley, in our history. In addition, hardly a month passed during the Civil War, that rates and duties were not raised by individual legislation.

It was a period in which every selfish interest appearing before Congress was given its way and sometimes given more protection, even than it asked for. Rates were raised from an average of 30 percent to 47 percent, although the average does not give a proper view of increases for specific items. The effect, in part, was to launch this country on a period of permanent deflation—from 1872 to the turn of the century—when economic conditions for the people got worse and worse, the banking and financial interests got richer and richer, and the "robber barons" and the new rising industrialists captured the country and the Government and used it to promote their own interests. This was a result, in large part, of protection.

It all started when in the session of 1859-60 the first Morrill tariff was passed by the House ostensibly to put tariff rates back to the 1846 level from the new low levels of the 1857 tariff—but really to gain Pennsylvania for the Republican Party in the 1860 election. It did not pass the Senate until the session of 1860-61. Iron and wool were the main products benefited. Specific duties were substituted for ad valorem and the rates increased to an average of 35 percent. One of the old tricks of the protectionists was pulled in this bill. They claimed that the specific rates substituted were the equivalent of the ad valorem duties in 1846, but in fact they were much higher. On any number of occasions this same type of fraud has been perpetrated by the protectionists.

The 1862 Morrill Act raised the rates to an average of 37 percent, and was imposed ostensibly to offset the internal excise taxes levied on specific commodities to pay for the war. Thus, manufacturers whose products were taxed during the war were given at least an equal subsidy by way of the increased

tariff—thus loading on the consumer a double jeopardy for payment of the war. They paid once by higher prices for items because of the excise taxes, and they paid again by way of higher prices because the increased tariff was loaded on the final sales price of the product. That war, in the North at least, was paid for by consumers through inflation, through the issuance of cheap money greenbacks, and by way of excise taxes and tariff duties, while the bankers and the moneyed interests were compensated for the excises and promised gold in return for the greenbacks they used to buy bonds.

The same purpose was served by the Morrill tariff of 1864. According to Taussig the stated purpose of the act was to "put domestic producers in the same situation, so far as foreign competition was concerned as if the internal taxes had not been raised."

Thus, the war was used as an excuse for protection. Almost every producer who appeared before Congress got what he wanted—and sometimes even higher rates than he asked for, and, as Taussig comments:

Schemes for moneymaking were incorporated in it (the 1864 bill) and were hardly questioned by Congress. When more enlightened and unselfish views began to make their way, these (abuses and excessive duties) had obtained * * * too strong a hold to be easily shaken off.

Taussig sums up the effect of the war tariffs in this way:

The war had in many ways a bracing and ennobling influence on our national life; but its immediate effect on business affairs, and on all legislation affecting moneyed interests, was demoralizing. The line between public duty and private interest was often lost sight of by legislators. Great fortunes were made by changes in legislation urged and brought about by those who were benefited by them; and the country has seen with sorrow that the honor and honesty of public men did not remain undefiled.

So we see that the selfishness of the protectionists resulted in yet another evil in the history of our country—that of helping to debauch the morality of our national life. The effect of protection was to corrupt, to infect, and to pollute the moral tone of American life—and I say that if the protectionists gain their way this week—if we give in to the claims of the selfish interests for amendments to this bill, the door will be opened once again to corruption, infection, and pollution.

What party was responsible for protection and for the corruption of our national life? I have a record of the vote on the Morrill tariff of 1861, taken in the House before the rebellion, and the Morrill tariff of 1864, when the southern Representatives were gone. Of those who voted "yea" on the act of 1861, a vote taken in the House in 1860, 89 of 105 yeas were Whig and Republican votes, 7 were from Democrats, and the others scattered among a group of minor parties. Of the 64 nays, 59 were from Democrats. In the Senate, the 25 "yeas" included 22 Whigs and Republicans, 1 Democrat, and 2 Free Soil votes. The 14 "Nays" were from 13 Democrats and 1 Whig.

On the vote for the Tariff of 1864, of the 82 "yeas" in the House of Representatives the Republicans and their satellite parties, provided 73 of those votes against 9 Democratic votes. In the Senate, all but 1 of the 22 votes for protection was from Republicans and their allies. The 26 opposition votes in the House were made up of 23 Democratic votes, and in the Senate all 5 votes against the Tariff of 1864 were Democratic votes.

It is clear then, that the beginning of modern protectionist policies can clearly be laid at the feet of the Republican Party. It is clear from their representation and votes in Congress that they have been the party of protection from the very time they gained office down to the present day.

FROM THE CIVIL WAR TO M'KINLEY PROTECTION

During the period following the Civil War the tariff issue again played a big part in our political life. First of all, industry got another windfall. The internal excise taxes placed on their products were removed so that by 1872 no important ones remained. Yet the higher tariff rates, imposed during the war to compensate the protectionists for the excise taxes they paid—or more properly, passed on to the consumer—remained on the books. Now, they were in an even better position than during the war when their taxes were offset by the tariff subsidy. Now they paid no tax but kept the subsidy. Even Morrill himself thought that there might be some reduction in the extreme tariff rates. But, they were retained at the war-time levels.

While agriculture suffered depression from 1867 to the turn of the century, the excess revenues in the Treasury from the War Tariffs amounted to \$100 million in the years 1870–72. Agitation was so great from southern and western representatives to lower the tariff that a strong bill was reported out of the House Ways and Means Committee to create a permanent reduction in the war duties. But, the Senate countered with a bill—backed by the protectionist interest and particularly one John L. Hayes, Secretary of the Wool Manufacturers Association and later—1882—President of the Tariff Commission—to reduce duties by only 10 percent. In this the protectionists were successful.

Then, as now, a Republican administration—Garfield-Arthur—followed the practice of appointing to membership of Government commissions, whose trust it is to represent the public interest, men who have a background, training, and a vested interest in the very industries and subjects which they are supposed to regulate or pronounce judgment about. This is the way the Republican Party has acted historically. And I am compelled to say that present-day policies like the oil giveaway, the dividend exemption, accelerated amortization, the commission appointees, the economic policies of deflation and hard money, the promotion of mergers, and the constant compromise with protectionists, are all policies of the Eisenhower administration which, certainly

compare in kind if not in extent—in the case of oil, to a greater extent—with those of the series of Republican administrations from Grant to McKinley and again under Harding, Coolidge, and Hoover.

It should be noted further that although there was a reduction in 1872 the reductions were made on items not produced in the United States so that the protected industries remained protected. Our Mr. Hayes called the act one which resulted in "A reduction of over \$50 million, and yet taking only a shaving off from the protection duties." And even these reductions were restored, in 1875, at the protectionists' behest.

The effect of the reduction was meaningless. First, they were restored in 1875. Second, as duties now averaged 47 percent and most of them were specific—such as 5 cents a yard for cotton tissues—the rates were even higher than they seemed. The reason is that the Republican Party pursued a policy of permanent deflation from 1867 to 1896. Thus while the duty, from 1861 to 1872, rose from 1 cent to 5 cents a yard on an item like cotton tissues—raw cotton fell to its prewar price. The effect of the act of 1872, even though it lowered duties by an average of 10 percent, was to increase rates when one considers the change in price levels.

In the year 1883 there was a reduction in the average level of the tariff from 47 percent to 42 percent, but according to Taussig:

Looking at the tariff system as a whole, it retained, substantially unchanged, the high level of duties reached during and after the Civil War.

It was over this bill, however, that we have an example of parliamentary intrigue and trickery—I will not call it more—by the protectionists. The House of Representatives was less protectionist than the Senate. By a maneuver the protectionists, who were unsuccessful with a tariff bill in the House, in the Senate tacked on their tariff bill as an amendment to a revenue bill from the House. The bill was then sent to a conference committee, where the rates were increased. Representative Morrison, a freetrader from Illinois, explained this maneuver in the following terms:

The office and duty of a conference committee is to adjust the differences between two disagreeing Houses. This House had decided that bar-iron of the middle class should pay \$20 a ton; the Senate that it was to pay \$20.16 a ton. The gentlemen of the conference committee reconciled this difference—how? By raising bar-iron above both House and Senate to \$22.40. The Tariff Commission reported that the tariff on iron ore should be 50 cents a ton. The Senate said it should be 50 cents a ton. The House said it should be 50 cents a ton. Gentlemen of the conference committee reconciled the agreement of the House, Senate, and the Tariff Commission into a disagreement, and made the duty on iron ore 75 cents a ton. The gentlemen of the conference did a similar service for the great corporation of corporations, the Iron & Steel Association, by giving it a tax of \$17 on steel rails, which the House had fixed at \$15 and the Senate at \$15.68 per ton. (Taussig, History, p. 233. CONGRESSIONAL RECORD, 1883–84, p. 2786.)

That was the lower-duty tariff of 1883.

M'KINLEY PROTECTION RESULTS IN DEPRESSION AND TRUST MOVEMENT

From 1888 to the end of the century, tariffs, trusts, and the silver controversy were the chief political issues of the day. President Cleveland, in his third annual message to Congress in 1887, called the tariff a "vicious, inequitable, and illogical source of unnecessary taxation," and devoted his entire message to tariff reform. The election of 1888 was fought on the issue and the Republican electoral victory led to the McKinley tariff of 1890.

So far as the popular vote was concerned, Grover Cleveland had a plurality, as Tilden had a plurality in 1876. Harrison had the electoral vote. The Democratic Party was really the majority party from 1876 to 1896. Not satisfied to accept their victory as a mandate to keep the existing level of unnecessary protection, the Republicans construed their victory as a mandate to raise the rates. The average level was now increased to 50 percent.

The purpose of the McKinley Tariff Act was to make protection permanent. In their aim at economic isolation the Republicans no longer argued the tariff on grounds of protecting "infant industries" but frankly supported it as a permanent commercial policy.

The effect was political and economic reaction which swept the Republicans from office and contributed to the depression of 1893–94. In 1894, the Democrats passed the Wilson Act which lowered duties by 20 percent and freed raw materials, especially wool, from import duties.

The Republican Party claimed that the depression of 1893 was caused by the Tariff Act of 1894, which has always seemed to me to be a strained piece of reasoning.

Mr. President, in the city of Chicago, William Jennings Bryan was nominated by the Democratic Party for the Presidency after one of the most remarkable orations in the history of the Nation. The party was then in the same situation in which it finds itself today. Mr. Bryan made a tremendous campaign, and during the summer and early fall it looked as though he were winning. But the chairman of the Republican National Committee was Marcus Alonzo Hanna, who had sponsored William McKinley and was in charge of his campaign. He sent agents out to get large campaign contributions. No one knows how much money was contributed to the campaign of 1896, but it is indicated that Hanna sent word that they were to "fry the fat" out of the manufacturers. The manufacturers of Pennsylvania and other States were called upon and they furnished money to help defeat Bryan in the November elections. After the elections were won, the contributors were paid off. The Dingley Tariff Act of 1897 was passed.

I grew up in the State of Maine, in a small woolen-mill town, and it was stated that in that town as in other towns the owners and managers of the woolen mills called the workers together on the Sat-

urday before election and told them that if they voted the Democratic ticket and if the Democrats won, the woolen mills would be closed down and the people would be out of work. The implication was clearly made that the ballot was not a thoroughly secret ballot, and that it would be known how the voters voted, and that if they had a lively view for their own self-interest they would vote the Republican ticket. That was a common experience. The people of New England never forgot that.

With the election of McKinley in 1896 over the issue of gold and hard money, the Republicans reverted to their old ways, compensated the supporters from whom Mark Hanna had gained funds and passed the Dingley Act of 1897, which raised tariffs to 57 percent—the highest in our history to that date. The major effect of this tariff was to promote trusts and mergers, which has been one of the worst consequences of protection.

THE TARIFF AND THE TRUSTS

The post Civil War protectionist policies certainly gave impetus to the rise of the trust movement, although there were a number of other factors responsible. These included the rise of large-scale manufacturing, the control of politics by industrialists, the protection business gained from the extreme interpretation of the 5th and 14th Amendments by the Supreme Court to protect property rights, and the profits which investment firms made from the mergers. It is well to remember that J. P. Morgan & Co. pocketed \$62 million in the deal which established U. S. Steel.

But certainly among the reasons for the trust movement was protection and the tariff. In fact, H. O. Havermeyer, the president of the sugar trust, stated that "the mother of all trusts is the customs tariff." One finds that the list of major American trusts and monopolies was almost identical with the list of protected industries—iron and steel, sugar, tobacco, steel rails, petroleum, lead, copper, beef, salt, matches, whisky, tin cans, locomotives, glassware, rubber goods, and leather, to name a few.

Mr. President, in the cartoons of that period, the Senate Chamber was depicted as an assembly of representatives of the trusts. I have seen cartoons of that period in which Senators were labeled as representatives of the steel trust, of the express companies, and of tobacco interests. I have seen them labeled as "sugar" Senators, "petroleum" Senators, and "copper" Senators. I do not know whether any of them were labeled as "whisky" Senators. But certainly they were regarded as being on the floor merely the embodiments of the trust interests which sent so many to this body.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. O'MAHONEY. Does the Senator imagine that any of the evils of which he speaks can be avoided, when Congress delegates the power to make agreements in secret to privately appointed individuals, who will carry on their negotiations in secret, and who will make known to all the countries of the world what is

being done through the trade agreements with the United States before Congress is given that information in full daylight?

Mr. DOUGLAS. All I can say is that in the period in which tariffs were made by the legislative bodies, special groups brought terrific pressure to bear on Congress. General interest is always weak, so with the exception of the Underwood tariff of 1913, almost all the tariffs made by Congress were in the upward direction; while, to the contrary, the reduction in tariffs began in 1934, when that great American leader, Cordell Hull, took the lead in establishing reciprocal tariffs.

If trusts were a problem before 1897, they were an even greater problem afterwards. The Dingley tariff preceded, if it did not lead to, the greatest flurry of industrial combination in our history to that date. A few figures may be illuminating. In the census of 1900, it was estimated that there were 185 industrial combinations. Although they made up only one-half of 1 percent of the number of industrial corporations, they owned 15 percent of the capital and produced 14 percent of all manufactured products in the country. And the iron and steel trust produced one-half of the gross value of the products produced by all the industrial combinations.

By 1904, it is estimated that the number of combinations and trusts had grown to 318. They had capital assets of \$7.2 billion, a third of which were controlled by 7 corporations. Further, 5,300 individual plants had been consolidated into these 318 combinations. According to the economist, H. P. Seager, author of *Trust and Corporation Problems*, by 1904 the trusts controlled fully two-fifths of the manufacturing capital of the country.

Therefore, we have yet another item to add to the bill of particulars against excessive tariffs and protection—namely, that tariffs gave aid to the trust movement even if it exaggerates their influence to call them the mother of trusts and that the highest tariff in our history, that of 1897 under McKinley, aided and abetted, if it did not lead to, a trust movement unprecedented before that time.

THE PAYNE-ALDRICH ACT OF 1909

In 1909, the Republicans under Taft, aware of the discontent of the Middle Western farm groups and the great public indignation over the growth of the tariff and of trusts, passed the Payne-Aldrich Act.

I may say that in the State of Iowa a movement had developed against the protective tariff, on the very proper ground that by preventing European countries from selling to us, it prevented European countries from buying from us, and therefore shut off the export of our farm goods.

A young Lochinvar by the name of Albert B. Cummins started a campaign for lower tariffs, and was joined by the silver-tongued Jonathan Dolliver. They advanced the idea that there should be lower tariffs in order to stimulate the export of American farm products.

A historic battle was fought in the Senate and the House, but the Republi-

can Old Guard passed the Payne-Aldrich Act, which attempted to satisfy the public clamor for lowered rates, but which, in fact, "brought no essential change in our tariff system," according to Taussig.

It did abolish the duties on hides, but it raised them on cotton, silk, and a large number of smaller items, and kept effective protection for trusts like the iron and steel industry. When pressed, some of our Republican friends who have had some training in economic affairs and whose consciences are sensitive to charges of favoritism to industry, cite this act as an example of their progressive tariff policies. But, as Taussig says, "This act as finally passed brought no real breach in the tariff wall, and no downward revision of any serious consequence." He adds that "In the Senate, things went in star-chamber fashion, and the familiar process of logrolling and manipulation was once again to be seen." In fact, the failure of the act to lower the schedules protecting the trusts was a major factor in the split of the Republican Party into two wings and the rise of the Progressive Party in 1912.

President Taft, in a rear platform address in Winona, Minn., gave his approval to the Payne-Aldrich tariff, and touched off a revolt in the prairies.

DEMOCRATS REVERSE PROTECTIONIST POLICY

The issue of the 1910 election was the tariff. The Democrats won a decisive victory and carried the House by 228 to 165. However, popular election of Senators had to await the passage of the 17th amendment in 1913, and Republican control of the Senate until the 63d Congress of 1913-15 kept reform tariff legislation from the books.

In the 1912 election, the Democrats carried the Presidency and both Houses of Congress, to complement their victory in 1910. The result was the first complete reversal of tariff policy since the protectionists gained the day in the 1860's. The Underwood Act was passed in 1913, greatly reducing rates—to an average of 30 percent—and the Democratic Party launched a program of reform and progress with such legislation and executive action as the Clayton Anti-Trust Act, the establishment of the Federal Reserve Board, the Federal Trade Commissions Act, the repudiation of dollar diplomacy, and Wilson's veto of the literacy test for immigrants. The Underwood tariff, which took gigantic strides toward freer trade, was a cornerstone of progressive and enlightened policy as were the Reciprocal Trade Act of 1934 and the Walker tariff of 1846. One cannot avoid the conclusion, from the history of our tariff legislation, that freer trade is connected with reform and progress, and that protection has held sway during periods of reaction, retreat, and trust building.

The Underwood Act lowered duties on more than a hundred items, and most important on such items as food, textiles, iron, and steel. To offset the loss in revenue, Wilson established the graduated income tax, which substituted a fair and equitable method of taxation—that of taxing people according to their means—for the unjust method of taxation by tariff, which hits the consumer

and raises the prices of the working-man.

TARIFFS OF THE TWENTIES

America entered another period of protection, reaction, and isolation in the 1920's. As in other periods of protection, this too was a period of business and industrial domination, the rise of trusts and monopolies, the abandonment of the consumer, a great farm depression, stock-market speculation, and scandals and corruption.

The two major pieces of tariff legislation were the Fordney-McCumber Act of 1922 and the Smoot-Hawley-Grundy Act of 1930. There was also the Emergency tariff of 1921. When the war was over and the Republicans captured the White House, they entered on a period of "normalcy." The first effect was a major farm slump in 1920-21, and the Republicans, whose policies helped partially to bring it on, used the slump as an excuse for protection. The emergency tariff of 1921 imposed heavy duties on imports of agricultural products, but the aid to farmers was negligible, because farmers continued in a slump and depression throughout the twenties.

In 1922, the Republicans passed the Fordney-McCumber Act which raised duties to the level of the old Payne-Aldrich Act. Then came the Smoot-Hawley-Grundy Act of 1930 which raised rates another 20 percent. In the 1922 act, the President was given authority to raise or lower duties by 50 percent—to "equalize production costs." Of the 37 times when this authority was used, it was used in 32 instances to raise duties. Few protectionists then complained of the unconstitutionality of the President's power to raise or lower duties by 50 percent. It has only been since the Reciprocal Trade Act gave the President authority to lower duties, primarily, that the protectionists have seen any constitutional issue in this grant of power to the President.

Thus the Republicans in the 1920's took us back to extreme protection. When the protectionists and selfish interests gain command in matters of trade, one can count on their gaining power over other policies of government. What were some of the results of this period?

At the end of the twenties, monopoly was more widespread than in 1900. The Republicans welcomed the advent of holding companies like that of Sam Insull. The Federal Power Commission was packed with big business representatives. The League of Nations was repudiated. Immigration was restricted. There were Teapot Dome, the Veterans' Administration, scandals, and the machinations of the Ohio gang. There was the speculative boom, the collapse of the stock market, and the great depression.

These scandals and policies were not the direct result of protection and high tariffs but, throughout our history, whenever protectionists are supreme, one tends to see a decline in public morality, the capture of the instruments of government by the rich and well born, and an absence of compassion for the people. These conditions had prevailed un-

der Hamilton, in the period of protection from 1813 to 1833, from 1860 to the turn of the century, and during the 1920's—all periods of protection.

And I may say, Mr. President, that the tariff of 1930, put through by the Republicans, known as the Hawley-Smoot-Grundy tariff, was an extraordinary affair. I happened to be one who was largely responsible for drafting a statement which pointed out what was going to happen if that tariff bill was enacted into law, and in the statement which I prepared, a copy of which I hold before me, which I have not seen for many years, we said that such a tariff "would operate, in general, to increase the prices which domestic consumers would have to pay. By raising prices, they would encourage concerns with higher costs to undertake production thus compelling the consumer to subsidize waste and inefficiency in industry."

At the same time we pointed out it would help to shut off our export market, because "countries cannot permanently buy from us unless they are permitted to sell to us, and the more we restrict the importation of goods from them by means of ever higher tariffs, the more we reduce the possibility of our exporting to them."

We pointed out that the vast majority of farmers would lose as consumers, by paying higher prices, for the products which they would buy, and as producers, because their ability to sell their products would be restricted by the barriers placed in the way of foreigners who wished to sell manufactured goods to us.

We pointed out that our exporting industries, such as copper, which was then an exporting industry, automobiles, agricultural machinery, typewriters, and the like, would be affected fully as much as farming and that if such tariffs were imposed other countries would follow suit and impose retaliatory tariffs.

We obtained the signatures of 1,028 economists asking that the President veto the bill which is an unusual occurrence itself, because my colleagues know the witticism that if all the economists in the country were laid end to end, they would not reach a conclusion. But in this instance we had unanimity among the economists of the country, asking for a veto of the Hawley-Smoot-Grundy bill. Nevertheless, President Hoover signed the bill.

All the predictions we made came true. Instead of the tariff building up trade, trade fell off. Other countries did impose retaliatory tariffs. England adopted the policy of "imperial preferences." France and Germany raised their tariffs. The world entered a period of economic nationalism. American prosperity, which had been badly shaken, plunged deeper into a depression.

It is always ungracious to point to the past and say, "I told you so," but if events ever vindicated anyone, I submit they vindicated the statement which I drafted in the spring of 1930.

Madam President, I ask unanimous consent that the statement prepared by the 1,028 economists asking the President to veto the tariff bill of 1930, together with the names of the signers, be

printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

THE HISTORY OF THE RECIPROCAL TRADE ACTS

Mr. DOUGLAS. In 1932 the county elected Franklin Roosevelt and in 1934 the Congress passed the Hull Reciprocal Trade Agreements Act—as an amendment to the Tariff Act of 1930. It delegated to the President, for a 3-year period, the power to conclude agreements with other nations without specific congressional approval. It limited his power to reduce tariffs to 50 percent of existing duties on January 1, 1934. Each agreement, of course, was subject to possible termination at the end of the 3-year period if the Congress failed to extend the authority.

Congress did extend that authority in 1937, 1940, and 1943 without significant amendments, and in 1945 after the reelection of Franklin Roosevelt, it extended the authority and gave the President the further authority to lower rates by 50 percent of the existing duties as of January 1, 1945. Thus, any item which had been reduced by 50 percent in the period 1934-45 was subject to another possible reduction of 50 percent—or a 75 percent reduction in all—for concession from other countries. I wish to emphasize that they were not granted without return. In return for those concessions, we required equivalent, corresponding reductions on the part of other countries.

Mr. President, in a few moments I shall file tables to indicate the concessions which we obtained from other countries in return for the concessions which we had made.

In the period 1934-45, the United States concluded trade agreements with 29 countries. However, in the years from 1844 to 1934—or the 90 years preceding the Reciprocal Trade Agreements Act—the United States was able to negotiate and ratify only 3 reciprocity treaties under the general treaty-making power. At the same time, there were at least 11 major failures in which treaties were either rejected by the Senate, were never submitted to the Senate, or on which the Senate failed to act.

Therefore, it has only been under the delegation of power to the President that reciprocity has been possible, and without it America's hands would be tied in negotiating trade agreements if past history is any measure of the future.

As the staff papers of the Randall Commission make clear, 1945 was the high water mark of the Reciprocal Trade Agreements Act. Since that time, except for the 2-year extension by the Democrats in 1949, the act has been so modified by peril-point and escape-clause provisions, and by President Eisenhower's tacit agreement with the protectionists in his own party that he would not negotiate any major agreements, that the act may now be as important as a protectionist device as it is as legislation for freer trade.

There were several important consequences which followed from the original act of 1934.

First, of course, is the fact that it made the lowering of tariff barriers by reciprocity possible. The experience of the previous 90 years had been disastrous.

Second, it avoided the logrolling sessions which the Congress went through at every period of tariff revision preceding the 1934 act. Now, instead of every Congressman trading a vote for higher tariffs on a product from his colleagues' district for a vote for a higher tariff on a product from his own district, nations sat down around a table and we offered a lower duty on one of our imports for a concession from another country for a lower duty on one of our exports. And, under the unconditional, most-favored-nation policy, such recip-

rocal concessions were granted by all other countries with whom we had agreements, and with whom the individual party we negotiated with had agreements.

In other words, we substituted for logrolling among Congressmen for higher duties, logrolling among nations for lower duties. That has been the effect of the act.

Third, Mr. President, our trade, under the Reciprocal Trade Act and its extension greatly expanded between 1934 and 1948. Our exports, for example, rose in value from \$2.2 billions in 1935 to \$14.2 billions in 1947. Over \$11 billions of that trade in 1947 was with countries with whom we had agreements under the trade act.

Madam President, I have already asked unanimous consent to have inserted in my remarks at this point tables from part IV of the report by the United States Tariff Commission on our trade-agreement program from June 1934 to April 1948 entitled "Trade Agreement Concessions Obtained by the United States." These tables show the extent to which our trade increased under the Trade Agreements Act.

The PRESIDING OFFICER (Mrs. SMITH of Maine in the chair). Without objection, the tables will be printed in the RECORD at this point.

The tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—United States domestic exports to trade-agreement countries, by groups, and to non-trade-agreement countries, average, 1935–39, and selected years, 1935–47

Destination	1935	1937	1939	Average, 1935–39	1947 ¹
Value (million dollars)					
All countries, total.....	2,243.1	3,298.9	3,123.3	2,828.3	14,278.3
Agreement countries.....	1,624.3	2,482.9	2,424.2	2,124.3	11,699.1
Countries with which the United States had agreements in effect before Jan. 1, 1948.....	1,395.9	2,143.1	2,109.8	1,834.4	9,854.7
Participating at Geneva (see table 2).....	1,142.9	1,689.5	1,644.2	1,461.1	6,770.2
Not participating at Geneva (see table 4).....	253.0	453.6	465.6	373.3	3,084.5
Countries party to the Geneva agreement ²	1,371.3	2,029.3	1,958.6	1,751.0	8,614.6
Agreements in effect before Jan. 1, 1948 ²	1,142.9	1,689.5	1,644.2	1,461.1	6,770.2
No agreements in effect before Jan. 1, 1948 (see table 3).....	228.4	339.8	314.4	289.9	1,844.4
Nonagreement countries (see table 5).....	618.8	816.0	699.1	704.0	2,579.2
Percent of total					
All countries, total.....	100.0	100.0	100.0	100.0	100.0
Agreement countries.....	72.4	75.3	77.6	75.1	81.9
Countries with which the United States had agreements in effect before Jan. 1, 1948.....	62.2	65.0	67.5	64.9	69.0
Participating at Geneva.....	50.9	51.2	52.6	51.7	47.4
Not participating at Geneva.....	11.3	13.8	14.9	13.2	21.6
Countries party to the Geneva agreement ²	61.1	61.5	62.7	61.9	60.3
Agreements in effect before Jan. 1, 1948 ²	50.9	51.2	52.6	51.7	47.4
No agreements in effect before Jan. 1, 1948.....	10.2	10.3	10.1	10.2	12.9
Nonagreement countries.....	27.6	24.7	22.4	24.9	18.1

¹ Preliminary.

² Includes countries listed in table 2 (data totaled above) and those listed in table 3 (data totaled below).

TABLE 2.—United States domestic exports to countries having previous trade agreements with the United States which are parties to the Geneva agreement, average 1935–39 and selected years 1935 to 1947

[In millions of dollars]

Destination	1935	1937	1939	Average, 1935–39	1947 ¹
Belgium-Luxembourg:					
Metropolitan areas.....	56.7	94.7	64.2	70.1	520.0
Dependencies.....	1.1	2.3	2.5	1.9	50.0
Brazil.....	43.4	68.3	79.9	60.4	640.6
Canada.....	308.2	491.5	468.9	418.1	2,012.0
Ceylon ²	1.3	1.7	1.6	1.4	47.1
Cuba.....	59.2	90.8	80.8	74.6	485.5
France:					
Metropolitan area.....	112.4	161.1	180.2	142.5	807.1
Dependencies.....	10.8	16.9	17.4	14.8	151.2
Netherlands:					
Metropolitan area.....	48.5	88.6	96.6	76.4	378.9
Dependencies.....	25.7	59.8	74.5	51.9	177.5
United Kingdom:					
Metropolitan area.....	426.3	529.6	499.0	480.8	1,092.9
Dependencies.....	49.3	84.2	78.6	68.2	407.4
Total, countries listed.....	1,142.9	1,689.5	1,644.2	1,461.1	6,770.2

¹ Preliminary.

² Trade covered by pre-Geneva agreement with the United Kingdom.

TABLE 3.—United States domestic exports to countries participating in the Geneva agreement with which the United States had no previous agreement, average 1935-39 and selected years 1935 to 1947

[In millions of dollars]

Destination	1935	1937	1939	Average, 1935-39	1947 ¹
Australia.....	56.8	73.4	61.3	63.7	234.7
Burma.....	(²) 14.8	(²) 23.7	(²) 26.6	(²) 21.0	(²) 124.9
Chile.....	38.0	49.5	55.5	44.9	352.6
China.....	3.2	13.0	3.7	10.2	48.6
Czechoslovakia.....	31.2	43.6	46.8	36.8	405.3
India and Pakistan ³	2.4	2.5	3.2	2.5	43.0
Lebanon and Syria.....	15.6	23.8	16.5	19.8	76.6
New Zealand.....	13.6	22.0	31.8	21.0	146.4
Norway.....	(⁴) 52.8	(⁴) 88.3	(⁴) 69.0	(⁴) 70.0	(⁴) 412.3
Southern Rhodesia.....					
Union of South Africa.....					
Total, countries listed.....	228.4	339.8	314.4	289.9	1,844.4

¹ Preliminary.² Not separately reported before 1938; statistics included with India throughout.³ Statistics include Burma.⁴ Not separately reported in earlier years; included in "United Kingdom dependencies" (table 2) throughout. The amount is small.

TABLE 4.—United States domestic exports to countries which are not parties to the Geneva agreement but with which the United States has trade agreements, average 1935-39 and selected years, 1935 to 1947

[In millions of dollars]

Destination	1935	1937	1939	Average, 1935-39	1947 ¹
Argentina.....	49.2	93.3	70.6	71.4	678.1
Colombia.....	21.3	38.7	50.6	35.6	216.7
Costa Rica.....	2.3	4.4	9.7	5.0	34.9
Ecuador.....	2.8	5.0	5.8	4.0	39.9
El Salvador.....	2.8	3.6	4.1	3.4	28.4
Finland.....	6.0	12.2	13.2	10.2	59.2
Guatemala.....	3.9	7.4	8.5	6.2	41.2
Haiti.....	3.2	4.0	5.1	4.0	25.1
Honduras.....	5.6	5.5	5.8	5.6	29.8
Iceland.....	.1	.2	.4	.2	15.7
Iran.....	4.3	5.5	4.4	5.7	33.9
Mexico.....	64.5	105.8	80.8	77.0	616.5
Paraguay.....	.7	.7	.7	.6	7.7
Peru.....	12.0	18.9	18.8	15.9	91.1
Sweden.....	38.0	64.3	94.2	60.6	395.1
Switzerland.....	7.4	9.4	17.9	10.5	190.0
Turkey.....	4.3	14.9	8.3	9.4	81.0
Turkey.....	6.2	13.1	5.1	7.6	75.2
Uruguay.....	18.4	46.2	61.6	40.4	425.0
Venezuela.....					
Total, countries listed.....	253.0	453.6	465.6	373.3	3,084.5

¹ Preliminary.

Mr. DOUGLAS. Fourth, Madam President, not only did our trade increase, but we also gained great concessions from other countries. It is often said, and was said many times in the House debate on H. R. 1, that reciprocity has

been a 1-way street. This, of course, is not borne out by the facts. I have in my hand tables from the same publication by the Tariff Commission which show the rise in exports from America to countries who gave concessions to us

under the Reciprocal Trade Act. I ask unanimous consent to have them printed in the RECORD at this point.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 8.—Major United States export products: United States exports to all countries and imports into agreement countries from the United States in 1939 of items on which concessions have been obtained under trade agreements through 1948

[In thousands of dollars]

Commodity or class of commodities	United States exports, 1939 ¹	Imports into agreement countries from the United States on which commitments were made ²				
		Total	Kind of commitment			
			Binding of free status	Binding of duty against increase	Reduction in duty	Other commitments ³
Agricultural:						
Pork.....	20,184	16,483	893	3,038	4,023	8,529
Lard.....	20,222	19,379	730	47	18,602	
Dairy products.....	7,136	2,893	68	1,857	943	20
Barley.....	3,345	3,826	176	3,517	130	3
Corn.....	19,802	1,975			1,783	192
Rice.....	9,187	8,139	868	682	6,588	1
Wheat.....	36,815	37,310	15,727	3,999	16,216	1,368
Wheat flour.....	24,574	19,063	3,043	9,620	6,400	
Oil cake and oil-cake meal.....	9,021	3,313	2,757		58	498
Fresh vegetables:						
Potatoes.....	2,252	1,267	25		1,233	9
Other.....	5,522	4,558		23	4,356	179
Canned vegetables:						
Asparagus.....	1,609	1,239		275	964	
Other.....	2,857	558		57	476	25
Grapefruit.....	1,749	1,222		55	1,166	1
Lemons.....	2,186	2,097	1,272	576	249	
Oranges.....	11,205	10,670	136	3,778	6,756	
Fresh apples.....	10,592	13,241	398	2,751	9,246	846
Fresh grapes.....	2,184	2,226	199	737	1,290	

Footnotes at end of table.

TABLE 8.—Major United States export products: United States exports to all countries and imports into agreement countries from the United States in 1939 of items on which concessions have been obtained under trade agreements through 1948—Continued

[In thousands of dollars]

Commodity or class of commodities	United States exports, 1939 ¹	Imports into agreement countries from the United States on which commitments were made ²				
		Total	Kind of commitment			
			Binding of free status	Binding of duty against increase	Reduction in duty	Other commitments ³
Agricultural—Continued						
Fresh pears.....	3,284	5,435	349	1,025	3,974	87
Raisins.....	7,010	6,184	50	257	5,877	-----
Dried apples.....	1,894	1,657	258	27	1,372	-----
Dried apricots.....	3,697	2,910	266	13	2,631	-----
Dried prunes.....	7,067	6,530	525	322	5,683	-----
Canned fruits.....	25,061	23,953	-----	921	22,877	155
Soybeans.....	10,603	779	-----	290	489	-----
Leaf tobacco, unmanufactured.....	76,826	67,228	174	17,363	2,735	46,956
Raw cotton and linters.....	242,965	138,356	126,432	10,867	1,057	-----
Nonagricultural:						
Salmon, fresh, salted or canned.....	7,275	5,911	-----	20	5,891	-----
Sardines, canned.....	3,870	1,484	-----	526	958	-----
Leather.....	13,042	7,455	191	2,376	4,333	555
Automobile tires and tubes.....	17,689	6,954	71	3,775	3,108	-----
Cigarettes.....	12,646	1,562	-----	388	509	665
Cotton cloth.....	36,549	12,506	-----	1,367	5,383	5,756
Lumber.....	39,314	37,674	6,820	15,686	14,818	350
Paper and manufactures.....	31,737	13,376	486	3,316	9,173	401
Coal.....	62,698	32,271	940	-----	31,331	-----
Coke.....	3,873	1,875	53	1,797	25	-----
Crude petroleum.....	92,790	30,928	27,126	1,996	1,499	307
Petroleum products:						
Lubricating oils and greases.....	95,373	30,288	24	6,054	7,978	16,232
Other.....	194,958	34,352	1,852	13,358	5,038	14,104
Sulfur.....	11,682	7,974	7,112	783	75	4
Iron and steel mill products.....	235,674	54,351	849	29,547	19,787	4,168
Aluminum and manufactures.....	23,703	7,988	375	6,117	1,344	152
Copper and manufactures.....	97,185	20,286	16,991	2,144	514	637
Batteries.....	6,457	1,239	-----	869	370	-----
Refrigerators.....	18,140	10,606	330	4,467	5,809	-----
Radios and apparatus.....	22,177	16,511	-----	9,168	6,777	566
Industrial machinery.....	289,896	135,358	8,857	68,374	51,939	6,188
Office appliances.....	29,166	20,908	-----	5,910	14,633	365
Agricultural machinery.....	20,518	17,659	3,330	9,164	5,165	-----
Tractors and parts, including agricultural tractors.....	47,989	32,792	15,728	7,262	6,941	2,861
Automobiles.....	253,722	166,188	169	77,726	67,793	20,500
Aircraft and parts.....	117,806	55,324	9,905	41,157	3,402	860
Medicinal and pharmaceutical preparations.....	22,317	7,092	365	2,931	3,771	25
Pigments, paints, and varnishes.....	22,762	11,897	600	7,339	3,929	29
Fertilizers and fertilizer materials.....	16,991	4,830	4,580	-----	167	83
Photographic goods.....	19,064	12,640	350	8,370	3,471	449

¹ From Foreign Commerce and Navigation, U. S. Department of Commerce.² Statistics on imports into Argentina, Costa Rica, Ecuador, El Salvador, Finland, Guatemala, Haiti, Honduras, Uruguay, Venezuela, and French dependencies were not available in a form suitable for tabulating and United States statistics of exports to these countries were used as measures of the trade covered by their concessions.³ Includes imports subject to commitments as to monopoly or quantitative controls, commitments of British countries as to margin of preference unaccompanied by commitments as to rate of duty, and commitments as to duties which are reduced by indeterminate amounts and as to duties which may be increased within specified limits.

TABLE 9.—Major United States export products: Imports from the United States in 1939 of items on which the United States has obtained reductions in foreign import duties under trade agreements, by degree of the reduction

[In thousands of dollars]

Commodity or class of commodities	Total	Degree (percent) of reduction in duty					
		100	76 to 99	51 to 75	36 to 50	25 to 35	Less than 25
Agricultural:							
Pork.....	4,023	291	3	2,750	859	62	53
Lard.....	18,602	11,505	3,486		1,727	968	916
Dairy products.....	948	82	8	136	181	389	152
Barley.....	130						130
Corn.....	1,783			1,783			
Rice.....	6,588				11	766	5,811
Wheat.....	16,216	14,544		329	1,343		
Wheat flour.....	6,400			250	6,046	104	
Oil cake and oil-cake meal.....	58		54			4	
Fresh vegetables:							
Potatoes.....	1,233	576		519		102	36
Other.....	4,356	135		3,614	125	408	74
Canned vegetables:							
Asparagus.....	964		29	2	600	282	51
Other.....	476	2	76	16	233	98	51
Grapefruit.....	1,166	1,148			13	5	
Lemons.....	249			25		97	127
Oranges.....	6,756	5,609	2	75		1,070	
Fresh apples.....	9,246	6,137		401	2,349	311	48
Fresh grapes.....	1,290		804	53	224	209	
Fresh pears.....	3,974	3		34	1,102	2,834	1
Raisins.....	5,877	431	4	2	401	1,947	3,092
Dried apples.....	1,372	210	18	16	95	303	730
Dried apricots.....	2,631			4	504	758	1,365
Dried prunes.....	5,683	748	19	1,470	504	2,067	875
Canned fruits.....	22,877	2,613	108	444	608	4,850	14,254
Soybeans.....	489		132			346	11
Leaf tobacco, unmanufactured.....	2,735				1,969	68	698
Raw cotton and linters.....	1,057			862	195		

TABLE 9.—Major United States export products: Imports from the United States in 1939 of items on which the United States has obtained reductions in foreign import duties under trade agreements, by degree of the reduction—Continued

[In thousands of dollars]

Commodity or class of commodities	Total	Degree (percent) of reduction in duty					
		100	76 to 99	51 to 75	36 to 50	25 to 35	Less than 25
Nonagricultural:							
Salmon, fresh, salted or canned	5,891	231	1	300	4,061	266	132
Sardines, canned	858	4	15	12	43	58	826
Leather	4,333			227	1,260	833	2,013
Automobile tires and tubes	3,108			66	219	576	2,247
Cigarettes	509			142	162	113	92
Cotton cloth	5,383				2,611	1,901	871
Lumber	14,818	15		7,680	2,530	152	4,441
Paper and manufactures	9,173	9	3	415	798	4,852	3,096
Coal	31,331	13,478			100	17,753	
Coke	25					25	
Crude petroleum	1,499					1,499	
Petroleum products:							
Lubricating oils and greases	7,978	1		198	1,061	3,545	3,173
Other	5,038	121	237	204	572	538	3,366
Sulfur	75						
Iron and steel mill products	19,787	401	11	593	1,455	11,486	5,841
Aluminum and manufactures	1,344			329		1,000	15
Copper and manufactures	514		8	141	255	48	61
Batteries	370			90	112	72	96
Refrigerators	5,809			286	999	2,382	2,142
Radio and apparatus	6,777			354	445	3,584	2,394
Industrial machinery	51,939	1,129	127	9,289	11,422	25,360	4,612
Office appliances	14,633	386		1,355	3,539	4,817	4,536
Agricultural machinery	5,165	4,594			530	41	
Tractors and parts including agricultural tractors	6,941	1,483		2,110	1,079	498	1,771
Automobiles	67,793		880	7,268	22,059	11,283	26,303
Aircraft and parts	3,402				2,935	403	61
Medicinal and pharmaceutical preparations	3,771	8	1		1,198	355	2,209
Pigments, paints, and varnishes	3,929	513		23	513	673	2,207
Fertilizer and fertilizer materials	167				73		94
Photographic goods	3,471	204	2	539	1,479	881	366

Mr. DOUGLAS. Madam President, among other things, these tables show that of the great increase in exports, the great proportion was to countries which had given us concessions. For example, of the \$20 millions of pork products exported in 1939, over \$16 millions was exported and gained entry to the other country under concessions which we had gained from them. The same is true of many other items, such as lard, dairy products, barley, corn, rice, wheat, and a long list of fruits. The same is true of tobacco and raw cotton. One also notes that great concessions were made to us on such items of our export trade as refrigerators, radios, iron and steel products, paints, tractors, other agriculture machinery, to note just a few of the items. Thus, Madam President, reciprocity has been a two-way street, and our farms and industries have benefited very greatly under the Reciprocal Trade Agreements Act.

In 1948, as a result of the election of 1946, the Republican 80th Congress was in power. They were afraid to do away with the Reciprocal Trade Agreements Act—that is, they lacked the convictions they were supposed to have, and which they proclaimed they would repeal in party platform after dreary party platform, but they did amend the act. It was in that year that the peril-point provision was written into the bill.

And the peril point has been a serious danger which has distinctly limited the possibilities of reciprocal trade. In 1949 we Democrats repealed the 1948 bill and the peril-point provisions and extended for another 2 years the original act. But in the 1951 election our majority was greatly reduced, the protectionists were stronger, the peril-point provisions were reintroduced, and the restrictions, by means of the escape clause, were made tighter. A less stringent escape clause had been in effect since 1943, when the

Executive agreed to include it in all future trade agreements. In 1947 there was an Executive order to that effect. Under it, the United States or a foreign country could break an agreement which seriously injured a domestic industry in either country.

The new escape clause, that which operates today, allows a domestic industry to make application to the Tariff Commission for a finding that it has been seriously injured. If such a finding is made, the President is authorized, though not required, to take action.

As the staff papers of the Randall Commission clearly state:

No important trade agreement activity took place under either the act as modified by the 80th Congress or under the extension of 1951.

I may add that none has yet taken place since the Eisenhower administration has taken power—that is, in the last 2½ years.

In 1953, President Eisenhower asked for a 1-year extension of the act in existing form, to allow for the Randall Commission study. After exhaustive study, the Commission came up with a watered-down version of the act, in order to gain the adherence of the senior Senator from Colorado [Mr. MILLIKIN], and Representative DAN REED, of New York. I would say that in those negotiations my distinguished colleague from the State of Illinois, Mr. Randall, was a country boy who was taken into camp by the machinations and the adroit ability of the senior Republican members of the committee. He thought he would get their consent if he watered down the provisions. So he watered them down and down and down, in the hope that finally they would sign the report—only to find that at the last minute they scuttled away and disappeared, withdrew their support of the measure, and, instead, came out in opposition to it. After they

got it watered down and compromised, Messrs. REED and MILLIKIN refused to go along. The President then recommended a 3-year extension of the new version, which at best had symbolic significance. But somewhere in the dark of the night, the protectionists got to him; and he shifted his ground, and allowed that perhaps 1 year would be all right. So, last year, we got another 1-year extension.

Now we have a new recommendation. We are asked to extend the act for 3 years; but the President's authority to negotiate agreements has been limited to 5 percent a year, in each of 3 years, or a 15 percent maximum, if he uses the authority, instead of the 50 percent allowed at present. If he fails to use the authority on any particular item in any one year, that authority is revoked.

How little this authority actually is, may be seen by taking a few examples. If the existing rate on a commodity were now 50 percent, the authority makes it possible to reduce the rate to 47.5 percent in any one year. If the rate were 25 percent, the maximum authority to reduce it in any one year would make the new rate 23.75 percent. If the rate were 20 percent—about the average of existing rates—the maximum reduction in any one year would be 1 percent, or from 20 percent to 19 percent; and in the next year, from 19 to 18.

Madam President, I may say that the race to get the system under way will be such that only about two reductions can be made, because there is a long, tortuous task along which an agreement has to go before it can finally be approved.

That is why this bill is largely symbolic, except in the case of Japan.

Madam President, rate reductions of these magnitudes are not going to hurt anyone. If an industry cannot adjust to them, it must be a terribly inefficient industry.

Now the President's bill—this watered down, namby-pamby bill—is before us. It is so innocuous that many must search their consciences to determine whether we are voting for protection or for freer trade. The original conception of the Trade Act is in danger. It is in danger for at least three reasons.

The first reason is that last year the President lacked driving force. The 1-year extension gave the protectionists an opportunity to organize; and organize they have. As a result, Congress has been flooded with protection lobbyists—all with their hands out. This protectionist fervor is typical of other periods in our history when the Republicans have controlled Congress or the administration. The President's failure to make a fight last year has brought with it two things: First, we now have an even more watered-down version of the Reciprocal Trade Agreements Act than the 1948 bill, and it was the low-water mark; and second, the protectionists have had an extra year to deluge us and to arouse their forces. Leadership from the White House might have avoided this. I recall the leadership Woodrow Wilson gave in 1913, when the tariff lobby was here en masse. The statement President Wilson made at that time is worth quoting, as an example of how a President can obtain his program. This is what Wilson said in 1913, and it had the salutary effect of scattering the lobbyists and passing the Underwood tariff:

I think that the public ought to know the extraordinary exertions being made by the lobby in Washington to gain recognition for certain alterations of the tariff bill. Washington has seldom seen so numerous, so industrious, or so insidious a lobby. The newspapers are being filled with paid advertisements calculated to mislead the judgment of not only public men but also the public opinion of the country itself. There is every evidence that money without limit is being spent to sustain this lobby and to create an appearance of a pressure of opinion antagonistic to some of the chief items of the tariff bill.

It is of serious interest to the country that the people at large should have no lobby and be voiceless in these matters, while great bodies of astute men seek to create an artificial opinion and to overcome the interests of the public for their private profit. It is thoroughly worth the while of the people of this country to take knowledge of this matter. Only public opinion can check and destroy it.

The Government in all its branches ought to be relieved from this intolerable burden and this constant interruption to the calm progress of debate. I know that in this I am speaking for the Members of the two Houses who would rejoice as much as I would to be released from this unbearable situation.

That, Madam President, is how a President of the United States can lead in gaining approval of his legislative program. I suggest that Wilson's words are as applicable today as they were in 1913.

The second reason why reciprocity is in trouble is that this year the President has failed to give leadership. How many among his party's representatives in the Senate really have their hearts in reciprocity? Who on that side is leading the fight for freer trade? The answer is that what leadership there has been,

has been from us Democrats. The reason is that the Republicans, constitutionally, are against freer trade. The bill has been watered down in committee to meet the objections of the President's own party, whose real views are represented by their vigorous attempts in the past to rid us of reciprocity and by their policies, such as those they proclaimed in their 1936 platform—"We will repeal the present reciprocal trade law."

The third reason why the bill we now have is little more than a token and a symbol of the original act is that a large number of areas in the United States—144, at least—are now areas of substantial or very substantial labor surplus, where unemployment exceeds 6 percent, 12 percent, and in some cases 20 percent. One will note that in the House the 80-odd Democratic votes against H. R. 1 were, almost entirely, from Representatives from these areas, where the administration has turned a deaf ear to their needs.

In our history the issue of the tariff has created constant division. Protection was in part responsible for the rebellion of the colonists against England, the two-party system, not necessarily a bad thing at all, the division which lead to civil war between South and North, the rise of trusts and monopolies, the bringing on of recessions and depressions, and the lowering of the moral tone of our Government when protectionists were in power.

Furthermore, historically the Republican Party has been the champion of protection, and the Democrats have opposed it.

The debate today and the extension of the Reciprocal Trade Act are another step in our tariff history.

Madam President, I have traced the history of our tariff so that Members may think twice before they vote to include in H. R. 1 any restrictive amendments, before they allow it to be watered down, or before they give in to protectionist pressures—for to do so would put us back once again on the road which in the protectionist periods of the past has led to so many sins.

ARTHUR KROCK'S COMMENTS ON THE HOUSE
VOTE ON H. R. 1

Writing in the New York Times on Sunday, February 20, 1955, following the debate in the House on H. R. 1 on the preceding Thursday and Friday, Mr. Arthur Krock, the well-known journalist, presented a most unusual and interesting argument. His article is entitled "When Tariff Is Issue Party Lines Vanish," and it is subtitled "Opponents of President's Trade Plan Include High Percentage of Both Democrats and Republicans."

Mr. Krock says, among other things, in the article, that various votes taken in the House "emphasized how close is the bipartisan division in this country over our economic philosophy." He further states that the program of reciprocity, introduced originally by Cordell Hull and Franklin Roosevelt, carried on under Harry Truman, and now adopted by the Eisenhower administration, albeit in a much watered-down form, "is opposed in industrial areas where unemployment

is always either a threat or a fact, in farming areas where domestic and world surpluses are produced, and by rigid doctrinaires of the protective-tariff principle that was the guide of the Republican Party and the American Government for decades in the 19th century, and for 30 years in this one." Further, Mr. Krock concludes with the following words:

Since the project envisaged in this legislation is both favored and opposed by a bipartisan group, no issue of Democrat versus Republican is presented.

Madam President, I ask for unanimous consent to have the full text of Mr. Krock's article printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of February 20, 1955]

WHEN TARIFF IS ISSUE PARTY LINES VANISH—
OPPONENTS OF PRESIDENT'S TRADE PLAN
INCLUDE HIGH PERCENTAGE OF BOTH
DEMOCRATS AND REPUBLICANS—STATE DELEGATIONS SPLIT

(By Arthur Krock)

WASHINGTON, February 19.—The margin of 1 vote by which, on the crucial test, the House of Representatives (193 to 192) refused to open to emasculating amendments the international tariff bill it adopted Friday emphasized as a generality how close is the bipartisan division in this country over our economic philosophy. But a geographical and intraparty breakdown of the "No" votes, which were cast in favor of opening the bill to crippling modifications, reveals essential details of the dispute over lowering import tariff barriers that are hidden in a mere listing of the totals.

For several reasons the 193-192 vote on the open amendment motion was chosen for this breakdown instead of the 206-199 tally by which the House rejected the proposal to return the bill to committee. But the principal reason is that the committal motion, backed by the high-tariff Republicans, under the leadership of Representative DANIEL A. REID of New York, was an orderly and responsible process. If this had carried, the bill conceivably would have returned to the House with strongly debatable limitations. But if the measure had been opened to indiscriminate amendments it would have gone in rags and tatters to the Senate.

PROCEDURAL ISSUE

The Reid proposal, on which 119 Republicans (80 Democrats joining them) resisted a special plea by the President, was also a test of his leadership, which only 66 Republicans acknowledged. But it had procedural dignity and party history in its favor; the other had neither.

Because of that it is more striking than illuminating to point out, as many have, that a House which cast only 3 votes against giving the President prior approval of a military far-eastern policy involving American lives cast 199 against him on a mere economic issue.

The bill extends for 3 years the President's power to lower most tariffs by 5 percent, and by 50 percent on a few affecting negligible import quantities, without resort to Congress for its approval. It expresses the political-economic philosophy of former Secretary of State Cordell Hull that became the fixed policy of the F. D. Roosevelt and Truman administrations and was adopted by President Eisenhower and his Republican following. The theory behind it is that by lowering the barriers of world trade (1) all nations will have the opportunity to attain

a healthy economy, (2) one of the principal causes of wars, both cold and hot, will be eliminated, and (3) trade will be substituted for aid at a saving of many billions annually to the country.

STOUT OPPOSITION SHOWN

The concept is opposed in industrial areas where unemployment is always either a threat or a fact, in farming areas where domestic and world surpluses are produced, and by rigid doctrinaires of the protective tariff principle that was the guide of the Republican Party and the American Government for decades in the 19th century, and for 30 years in this one. A large majority of the members of the National Association of Manufacturers has come to favor the concept, and the same is true of the leaders of many powerful trades unions. But the strength of the opposition still current is very high, as the following circumstances reveal:

President Eisenhower and the Republican House leaders put behind the bill all the political power they could summon, yet 104 Republican Members voted for the emasculating motion. In the name of the Democratic Party and the last 2 Democratic administrations, Speaker SAM RAYBURN, the most influential member of his party in the House, urged Democrats to defeat the motion, but 88 of them voted for it just the same.

The following statistics show the origins of the opposition vote by States and parties, the first figure being the number of party members who joined it, the second being the total membership of their party in the various State delegations:

Democrats. Alabama, 7 of 9; California, 4 of 11; Colorado, 2 of 2; Connecticut, 1 of 1; Georgia, 7 of 10; Idaho, 1 of 1; Illinois, 1 of 12; Indiana, 1 of 2; Kentucky, 2 of 6; Massachusetts, 4 of 7; Mississippi, 4 of 6; Montana, 1 of 1; New Jersey, 2 of 6; New York, 1 of 17; North Carolina, 6 of 11; Ohio, 3 of 6; Oklahoma, 4 of 5; Oregon, 1 of 1; Pennsylvania, 13 of 14; Rhode Island, 2 of 2; South Carolina, 4 of 6; Texas, 7 of 21; Virginia, 3 of 8; West Virginia, 6 of 6; Wisconsin, 1 of 3.

Republicans. California, 10 of 19; Colorado, 1 of 2; Connecticut, 4 of 5; Illinois, 6 of 13; Indiana, 3 of 9; Iowa, 2 of 8; Kansas, 4 of 6; Maine, 3 of 3; Maryland, 2 of 3; Massachusetts, 3 of 7; Michigan, 6 of 11; Minnesota, 3 of 4; Missouri, 1 of 2; New Jersey, 5 of 8; New York, 10 of 26; North Carolina, 1 of 1; North Dakota, 1 of 2; Ohio, 10 of 17; Oklahoma, 1 of 1; Oregon, 2 of 3; Pennsylvania, 12 of 16; South Dakota, 1 of 2; Tennessee, 2 of 2; Utah, 2 of 2; Virginia, 1 of 2; Washington, 2 of 6; Wyoming, 1 of 1.

SCOPE OF OPPOSITION

In combination, these tables show that the bipartisan opposition to the President's program not only was nationwide in scope but in a number of State delegations comprised all, or the majority, in a strong percentage. In Alabama, for example, a State unflinchingly loyal to the Democratic Presidents whose policy was extended in this legislation, 7 of the 9 Representatives belonging to that party voted for the crippling motion. The entire Maine delegation, all Republican, was in the same corner. In California all but 9 Republicans left the President, and 4 of the 11 Democrats tured down the intense appeal made by RAYBURN. In Pennsylvania all but 1 Democrat and 12 of the 16 Republicans left the party fold. And so on, in the delegations from States which have an overwhelming majority of the electoral vote of the Nation.

The only State delegations which made no contributions to the opposition were Nebraska, Nevada, New Hampshire, New Mexico, Arizona, Arkansas, Delaware, Florida, and Louisiana. The total number of Presidential electors in this group is 52. The rest of the country has 479 of the 531 electors whose

majority of 266 formally decrees who is to be President.

The statistics with respect to electors are significant only because they illustrate the national dimensions of the difference over foreign economic policy and its active presence in the large, populous States and the principal areas of production. Since the project envisaged in this legislation is both favored and opposed by a bipartisan group, no issue of Democrat versus Republican is presented. And, though the bill is an item in the President's program, the most effective advocate it had in the House was the Democratic Speaker.

Mr. DOUGLAS. Madam President, because I found in this article a large number of points which I felt could not be substantiated by a closer look at the facts, I have made an analysis of the vote in the House of Representatives on the decisive issues in the H. R. 1 debate, and I have further obtained from the Library of Congress the decisive rollcalls on all the major tariff acts passed by the Congress since 1861. I have done this for a number of reasons; first, although I was not surprised to see that Mr. Krock states that the protective tariff was the guiding principle of the Republican Party for decades in the 19th century, I was surprised to see his suggestion that the protective-tariff principle has been its guide for only the first 30 years of this century and that recently the leopard had changed its spots. Secondly, I was surprised at the headline which read that, when the tariff is an issue, party lines vanish, and by the concluding statement that "no issue of Democrat versus Republican is presented" by the vote on this debate.

How, as a matter of fact, have the Republicans voted on tariff bills? Madam President, I have a summary of the votes taken on major tariff legislation since the Civil War, and I ask unanimous consent to have it inserted in the RECORD at this point.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

VOTES ON MAJOR TARIFF LEGISLATION SINCE THE CIVIL WAR

(Unless otherwise indicated, votes are on passage of the bill)

MORRILL TARIFF ACT OF MARCH 2, 1861

H. R. 338, 36th Congress, 2d session. (12 Stat. 178).

House (CONGRESSIONAL GLOBE, 36th Cong., 1st sess. (1860), 2056):

Yeas 105 (84 Republican, 7 Democrat, 1 Douglas Democrat, 1 National American, 5 Whig, 2 Unionist, 5 American).

Nays 64 (53 Democrat, 2 Republican, 1 Independent Democrat, 4 States Rights Democrat, 1 Anti-Lecompton Democrat, 2 Whig, 1 American).

Senate (CONGRESSIONAL GLOBE, 36th Cong., 2d sess. (1861), 1065):

Yeas 25 (20 Republican, 1 Democrat, 2 Whig, 1 Free Soil, 1 Free Soil-Democrat-American).

Nays 14 (13 Democrat, 1 Whig).

NOTE.—Restored rates of 1846.

MORRILL TARIFF ACT OF JULY 30, 1864

H. R. 494, 38th Congress, 1st session. (13 Stat. 202).

House (CONGRESSIONAL GLOBE, 38th Cong., 1st sess. (1864), 2751):

Yeas 82 (64 Republican, 8 Democrat, 3 Emancipationist, 1 Unconditional Union, 2 Unionist, 1 Union Democrat, 2 Whig, 1 Independent Republican).

Nays 26 (21 Democrat, 1 Whig, 2 Union Democrat, 1 Constitutional-Union, 1 Unionist).

Senate (CONGRESSIONAL GLOBE, 38th Cong., 1st sess. (1864), 3053).

Yeas 22 (16 Republican, 1 Democrat, 1 Whig, 1 Free Soil, 1 Union Republican, 1 Unionist, 1 Free Soil-Democrat-American).

Nays 5 (5 Democrat).

M'KINLEY TARIFF ACT OF OCTOBER 1, 1890

H. R. 9416, 51st Congress, 1st session (26 Stat. 567).

House (21 CONGRESSIONAL RECORD 5113):

Yeas 164 (163 Republican, 1 Democrat).

Nays 142 (140 Democrat, 1 Republican, 1 Union Laborite).

Senate (21 CONGRESSIONAL RECORD 9943):

Yeas 40 (40 Republican).

Nays 29 (29 Democrat).

NOTE.—Increase.

GORMAN-WILSON TARIFF ACT OF AUGUST 27, 1894

H. R. 4864, 53d Congress, 2d session (28 Stat. 509).

House (26 CONGRESSIONAL RECORD 1796):

Yeas 204 (195 Democrat, 6 Prohibitionist, 1 Populist Democrat, 1 Populist, 1 Independent).

Nays 140 (122 Republican, 17 Democrat, 1 Silver).

Senate (26 CONGRESSIONAL RECORD 7136):

Yeas 39 (37 Democrat, 1 Prohibitionist, 1 Independent).

Nays 34 (32 Republican, 1 Democrat, 1 People's).

NOTE.—Reduction. Democrats in control of House. Cleveland did not sign but allowed it to become a law.

DINGLEY TARIFF ACT OF JULY 24, 1897

H. R. 397, 55th Congress, 1st session (30 Stat. 151).

House (30 CONGRESSIONAL RECORD 557):

Yeas 205 (199 Republican, 5 Democrat, 1 Populist).

Nays 122 (112 Democrat, 6 Fusion, 3 Populist, 1 People's).

"Present" 21 (3 Democrat, 2 Republican, 9 Populist, 5 Fusion, 2 Silver Democrat).

Senate (30 CONGRESSIONAL RECORD 2447):

Yeas 38 (36 Republican, 1 Democrat, 1 Silver).

Nays 28 (25 Democrat, 2 Populist, 1 Republican).

NOTE.—Under McKinley. Increase.

PAYNE-ALDRICH TARIFF ACT OF AUGUST 5, 1909

H. R. 1438, 61st Congress, 1st session (36 Stat. 11).

On passage:

House (44 CONGRESSIONAL RECORD 1301):

Yeas 217 (213 Republican, 4 Democrat).

Nays 161 (160 Democrat, 1 Republican).

"Present" 1 (1 Democrat).

Senate (44 CONGRESSIONAL RECORD 4316):

Yeas 45 (44 Republican, 1 Democrat).

Nays 34 (24 Democrat, 10 Republican).

On agreeing to the conference report:

House (44 CONGRESSIONAL RECORD 4755):

Yeas 195 (193 Republican, 2 Democrat).

Nays 183 (163 Democrat, 20 Republican).

Senate (44 CONGRESSIONAL RECORD 4949):

Yeas 47 (47 Republican).

Nays 31 (24 Democrat, 7 Republican).

NOTE.—Increase.

UNDERWOOD-SIMMONS TARIFF ACT OF OCTOBER 3, 1913

H. R. 3321, 63d Congress, 1st session (38 Stat. 114).

On passage:

House (50 CONGRESSIONAL RECORD 1386-1387):

Yeas 281 (274 Democrat, 3 Republican, 1 Progressive, 1 Independent, 2 Progressive Republican).

Nays 139 (122 Republican, 5 Democrat, 7 Progressive, 5 Progressive Republican).

"Present" 1 (1 Progressive Republican).

Senate (50 CONGRESSIONAL RECORD 4617):

Yeas 44 (42 Democrat, 1 Republican, 1 Progressive Republican).

Nays 37 (35 Republican, 2 Democrat).

On agreeing to the conference report:

House (50 CONGRESSIONAL RECORD 5274):

Yeas 255 (249 Democrat, 3 Republican, 1 Independent, 1 Progressive, 1 Progressive Republican).

Nays 104 (90 Republican, 4 Democrat, 7 Progressive, 3 Progressive Republican).

"Present" 3 (1 Democrat, 1 Republican, 1 Progressive Republican).

Senate (50 CONGRESSIONAL RECORD 5347):

Yeas 36 (34 Democrat, 1 Progressive Republican, 1 Republican).

Nays 17 (15 Republican, 2 Democrat).

NOTE.—Democratic majority. Reduction.

FORDNEY-M'CUMBER TARIFF ACT OF SEPTEMBER 21, 1922

H. R. 7456, 67th Congress, 2d session (42 Stat. 858).

House (61 CONGRESSIONAL RECORD 4197):

Yeas 228 (220 Republican, 7 Democrat, 1 Progressive Republican).

Nays 127 (119 Democrat, 7 Republican, 1 Socialist).

"Present" 1 (1 Republican).

Senate (62 CONGRESSIONAL RECORD 11627):

Yeas 48 (45 Republican, 3 Democrat).

Nays 25 (24 Democrat, 1 Republican).

SMOOT-HAWLEY TARIFF ("FRIENDLY TARIFF") ACT OF JUNE 17, 1930

H. R. 2667, 71st Congress, 2d session (46 Stat. 590).

House (71 CONGRESSIONAL RECORD 2106):

Yeas 264 (244 Republican, 20 Democrat).

Nays 147 (134 Democrat, 12 Republican, 1 Farmer-Labor).

"Present" 2 (2 Republican).

Senate (72 CONGRESSIONAL RECORD 6015):

Yeas 53 (46 Republican, 7 Democrat).

Nays 31 (26 Democrat, 5 Republican).

RECIPROCAL TRADE AGREEMENTS ACT, JUNE 12, 1934

H. R. 8687, 73d Congress, 2d session (48 Stat. 943).

House:

Yeas 274 (269 Democrat, 2 Republican, 3 Farmer-Labor).

Nays 111 (99 Republican, 11 Democrat, 1 Farmer-Labor).

Senate:

Yeas 57 (51 Democrat, 3 Republican, 3 other).

Nays 33 (28 Republican, 5 Democrat).

RECIPROCAL TRADE AGREEMENT EXTENSION ACTS

March 1, 1937

House Joint Resolution 96, 75th Congress, 1st session (50 Stat. 24).

House:

Yeas 285 (278 Democrat, 3 Republican, 3 Farmer-Labor, 1 Progressive).

Nays 101 (81 Republican, 11 Democrat, 7 Progressive, 2 Farmer-Labor).

Senate:

Yeas 58 (56 Democrat, 1 Independent, 1 Progressive).

Nays 24 (14 Republican, 9 Democrat, 1 Farmer-Labor).

April 12, 1940

House Joint Resolution 407, 76th Congress, 3d session (54 Stat. 107).

House:

Yeas 218 (212 Democrat, 5 Republican, 1 American Labor).

Nays 168 (146 Republican, 20 Democrat, 1 Farmer-Labor, 1 Progressive).

Senate:

Yeas 42 (41 Democrat, 1 Independent).

Nays 37 (20 Republican, 15 Democrat, 2 Farmer-Labor).

June 7, 1943

House Joint Resolution 111, 78th Congress, 1st session (57 Stat. 125).

House:

Yeas 343 (194 Democrat, 147 Republican, 1 Progressive, 1 American Labor).

Nays 65 (52 Republican, 11 Democrat, 1 Progressive, 1 Farmer-Labor).

Senate:

Yeas 59 (41 Democrat, 18 Republican).

Nays 23 (14 Republican, 8 Democrat, 1 Progressive).

July 7, 1945

H. R. 3240, 70th Congress, 1st session (59 Stat. 410).

House:

Yeas 239 (205 Democrat, 33 Republican, 1 American Labor).

Nays 153 (140 Republican, 12 Democrat, 1 American Labor).

Senate:

Yeas 54 (38 Democrat, 15 Republican, 1 Progressive).

Nays 21 (16 Republican, 5 Democrat).

June 26, 1948

H. R. 6556, 80th Congress, 2d session (62 Stat. 1053, sec. 2).

House:

Yeas 234 (218 Republican, 16 Democrat).

Nays 149 (142 Democrat, 5 Republican, 2 American Labor).

Senate:

Yeas 70 (47 Republican, 23 Democrat).

Nays 18 (17 Democrat, 1 Republican).

NOTE.—Bill included restrictive peril-point and escape-clause provisions.

September 27, 1949

H. R. 1211, 81st Congress, 1st session (63 Stat. 698).

House:

Yeas 319 (234 Democrat, 84 Republican, 1 American Labor).

Nays 69 (63 Republican, 6 Democrat).

Senate:

Yeas 61 (47 Democrat, 14 Republican).

Nays 20 (19 Republican, 1 Democrat).

NOTE.—Repealed 1948 version and eliminated peril point and escape clause.

June 16, 1951

H. R. 1612, 82d Congress, 1st session (65 Stat. 72).

House:

No rollcall vote taken on passage or conference report.

Senate:

Yeas 72 (38 Democrat, 34 Republican).

Nays 2 (2 Republican).

NOTE.—Reintroduced peril-point and escape-clause provisions.

August 7, 1953

H. R. 5495, 83d Congress, 1st session (67 Stat. 472).

House:

Yeas 363 (183 Democrat, 179 Republican, 1 Independent).

Nays 34 (25 Republican, 9 Democrat).

NOTE.—1-year extension to provide commission study.

Senate:

No rollcall vote taken on passage or conference report.

July 1, 1954

H. R. 9474, 83d Congress, 2d session (68 Stat. 360).

House:

Yeas 281 (154 Democrat, 126 Republican, 1 Independent).

Nays 53 (39 Republican, 14 Democrat).

Senate:

Yeas 71 (37 Republican, 34 Democrat).

Nays 3 (2 Republican, 1 Democrat).

NOTE.—1-year extension only.

Mr. DOUGLAS. Madam President, this summary shows the vote by party on the major bills and decisive rollcalls from 1861 to the 1954 extension of the Reciprocal Trade Agreements Act. I invite my colleagues and readers of the RECORD to study this summary, and to see how the vote went. It shows that, until recently, Republicans were almost unanimous in favor of protection, against freer trade, and against reciprocity. Democrats were overwhelmingly for freer trade, for reciprocity, and for lower tariffs.

I think it is fair to conclude from this documentation that the Republicans were certainly the party of high tariff and extreme protection to the 1930's. I think it is also fair to conclude that the overwhelming majority of the votes against passage of the Reciprocal Trade Act in 1934, and extension of that act in 1937, 1940, 1943, and 1945 came from the Republican Party, and hence continued their protectionist policy. In 1948 the decisive rollcall was the vote on the bill which included the peril points and the escape-clause provision. These, of course, were supported by the Republicans and opposed by the Democrats, but as the Republicans had the majority in that year, the act was extended with these protectionist amendments. I think it is fair to conclude, therefore, that in that year the Republican vote for passage was in fact a protectionist vote. In 1949 we Democrats repealed the 1948 extension, and again a very overwhelming majority of votes against extension were from the Republican side.

In 1953 and 1954, as well as this year, this act has been watered down to such an extent that its extension has largely become merely symbolic, with the exception of its application to Japan. So I think that we can conclude that Mr. Krock's thesis, in intimating that somehow the Republicans have lost their protectionist fervor—or fever—since the 1930's, is not borne out by the decisive rollcall on the passage and extension of the Reciprocal Trade Agreements Act. Certainly this was true through 1945, and it appears only less true since that time owing to the indecisive nature of the issues on which votes have been cast.

Now, Madam President, let us turn for a moment to the vote in the House on the extension of H. R. 1. This year I have made a tabulation of the five votes in the House on H. R. 1, and I ask unanimous consent that the table be inserted in my remarks at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Decisive rollcalls on H. R. 1 in the House of Representatives, Feb. 17-18, 1955

Motion	Effect of vote for H. R. 1				Effect of vote against H. R. 1			
	Democrats		Republicans		Democrats		Republicans	
	Num- ber	Per- cent ¹	Num- ber	Per- cent ¹	Num- ber	Per- cent ¹	Num- ber	Per- cent ¹
1. Previous question would close debate. Lost, 207 to 178.....	115	53.5	63	37	100	46.5	107	63
2. Brown amendment against closed rule. Lost, 193 to 191.....	134	62.7	59	34.7	80	37.3	111	65.3
3. Motion to limit debate and avoid emasculating amendments. Carried, 193 to 192.....	128	59.3	65	38.5	88	40.7	104	61.5
4. Reed amendment, return bill to committee. Lost, 206 to 199.....	140	63.6	66	35.6	80	36.4	119	64.4
5. Final passage. Carried, 295 to 110.....	186	84	109	60	35	16	75	40

¹ Percent is that of party members voting.

Mr. DOUGLAS. First of all, Madam President, the House Ways and Means Committee offered a resolution for a closed rule. The first decisive vote in the House was taken on the previous question to limit debate on this resolution. That motion lost 207 to 178. 115 Democrats and 63 Republicans voted "yea" on the previous question, 100 Democrats and 107 Republicans voted "nay." To give percentage figures, the Democrats voted 53.5 percent in favor and 46.5 percent against, while the Republicans split 37 percent for and 63 percent against. Because this vote carried with it more issues than that of protection and antiprotection, it is not clear that the yeas and nays divided along those lines. A great many Democrats voted against it because they were opposed to a closed rule, which did not permit substantive amendments. It is interesting to note, however, that two-thirds of the Republicans voted against limiting debate, which had the effect of keeping alive their hopes that they might later present emasculating amendments.

The second rollcall vote was on an amendment by Mr. BROWN of Ohio, which was lost 193 to 191. It was for the purpose of striking out the closed rule provision of the original resolution. Its passage, Madam President, would have given new hope to the protectionists. On this vote, a vote for was for protection and a vote against was for H. R. 1, except that a few, such as Representative DANIEL REED, the leader of the protectionists in the House, voted against the Brown amendment for procedural reasons rather than for reasons of conscience.

What was the party vote on this issue as it divided along protection and antiprotection lines? The Democrats voted 134 to 80 against the Brown amendment or in support of H. R. 1. The Republicans voted 111 to 59 for the Brown amendment or against H. R. 1. In other words, 63 percent of the Democrats voted in favor of H. R. 1, while only 35 percent of the Republicans voted in favor of H. R. 1, and 65 percent of the Republicans, or two-thirds, and 37 percent of the Democrats, or one-third, essentially cast their ballots against H. R. 1. That shows, therefore, quite a clear-cut issue of Democrat versus Republican, Mr. Krock notwithstanding, in this vote on which two-thirds of the Democrats supported the President, while he was able

to muster only one-third of those voting from his own party.

The third decisive roll call, Madam President, on the motion to close debate and avoid opening the bill to emasculating amendments, upon which Mr. Krock bases his major conclusions, was passed 193 to 192. If this motion had been lost it would have allowed each of the protectionist groups, who have been flooding Congress with their selfish demands since the beginning of this session, to offer emasculating amendments for its pet industry. It is from this vote that Mr. Krock deduces that when the tariff is an issue party lines vanish, and that no issue of Democrat versus Republican is presented.

How did the vote split on party lines on this motion which, had it been defeated, would have allowed a repetition of the log-rolling days of the past? One hundred and twenty-eight Democrats and 65 Republicans voted for the motion, or for H. R. 1, while 104 Republicans and 88 Democrats voted against the motion, or against H. R. 1. Thirty-eight Republicans failed to vote, while only 15 Democrats failed to vote on this issue. Sixty percent of the Democrats and 38 percent of the Republicans supported H. R. 1, while only 40 percent of the Democrats and 62 percent of the Republicans voted to allow emasculating amendments. Again the vote showed the Democrats supporting the bill by a percentage of 60-40, whereas the Republicans opposed the bill by a similar percentage.

A fourth major vote in the House was on the Reed amendment, which would have returned the bill to committee. The division was 206-199. On this vote, 140 Democrats and only 66 Republicans voted against the Reed amendment, or in favor of H. R. 1, while 119 Republicans and 80 Democrats voted for the Reed amendment, or against the passage of H. R. 1 in its original form. In other words, approximately 64 percent of the Democrats and only 35 percent of the Republicans voted for H. R. 1, whereas 65 percent of the Republicans and 36 percent of the Democrats voted against. In this vote, as in the other major decisive votes, we saw the Democrats supporting the President's policy by two-thirds to one-third, and the Republican Party, even after the President's letter to gain support in the House, and even following the excellent speech of the gentleman from Texas [Mr. RAYBURN],

could muster only one-third of those voting in support of the President's own program, whereas two-thirds voted against freer trade, H. R. 1, and the President's wishes.

On final passage, by a vote of 295 to 110, 186 Democrats and 109 Republicans supported H. R. 1, whereas 75 Republicans and 35 Democrats voted against. In other words, on final passage 84 percent of the Democrats and only 60 percent of the Republicans supported the President, and 40 percent of the Republicans and only 16 percent of the Democrats opposed.

I fail to see, Madam President, how one can deduce from these votes that party lines vanish on this issue or that no issue of Democrats versus Republicans is presented. In support of his conclusions Mr. Krock lists the origin of the opposition vote on the 193 to 192 vote. He gives it by a breakdown by geography and party. One will note from the breakdown that almost all of the Democratic votes against H. R. 1 were from representatives from the 144 areas of our country which are now classed as areas of substantial or very substantial labor surplus by the Bureau of Employment Security. This is certainly true of the votes of West Virginia, Virginia, of Rhode Island, and Pennsylvania, of Oklahoma, North Carolina, New York, New Jersey, Missouri, Massachusetts, Kentucky, southern Illinois, Georgia, Connecticut, and Alabama. It is in these areas with coal, textiles, some durable goods industries, railroad shops, chemicals, lead and zinc mining, and the ordnance works that have suffered severe distress since the present Republican administration came to power. Time after time, in the debate in the House, Members rose to say that they were unable to support H. R. 1 because of the mass unemployment in their districts. Representative STAGGERS, of West Virginia, complained that he was opposed to the closed rule because the President and "those who advocated it have not come forward with one proposal to help the distressed areas of the United States." The same was true of Representative GRAY of southern Illinois where conditions are now not unlike those of the early 1930's. Mr. GRAY, who supports the basic principles of H. R. 1, was unable to support the bill because his area is now classified IV-B by the Department of Labor, because there are 30,000 people unemployed and over 24,000 people who are now receiving surplus food from the Federal Government. His area is a coal mining area, where, like so many others, the administration has turned a deaf ear to the pleadings of their representatives. And at the same time, they have charged that others who inquire about these conditions and bring them to the attention of the administration, are "prophets of gloom and doom."

In fact, a careful tabulation of the Democrat vote against H. R. 1 in the House—the eighty-odd votes—shows that in almost every case those Representatives are from the areas labeled IV-A or IV-B by the Department of Labor.

Why should they be expected to fight for the President's program which he was reluctant to fight for himself? Why should they vote for his act, watered-down as it is, when he has largely turned a cold shoulder to the problems and interests of their districts? Why should they help him when they watch and see the Speaker of the House of Representatives work with might and main to save the President's bill—and that bill could not have been saved without the work of the beloved Speaker of the House, SAM RAYBURN, of Texas—only to be charged the next week with "fiscal irresponsibility," and accused of being "demagogic" and of sponsoring a "strictly phony" tax measure, in the chaste words of the Secretary of the Treasury? Is that any way to treat a brave and loyal ally to whom one owes victory in the tariff struggle? In all kindness, that is hardly the way one should behave in war, in politics, or in business or social life.

And we of the Democratic Party, whose individual and collective good names have been attacked by the very administration leaders who now depend upon us for the passage of their weak and watered-down bill—what are we expected to do?

We could hardly be blamed if we yielded to the natural human impulse to let them stew in their own juice. But I do not intend to do so, and I do not believe that the members of my party will do so. I am going to put the interests of the country first and vote for this bill, although I think it has been so weakened that its chief value is symbolic, except for its value to negotiate with Japan.

As I think of the recent conversion of some Republicans to the cause of very limited freer trade bound around with crippling restrictions, I am reminded of our Saviour's story of the Prodigal Son, who left his father's house, wallowed in sin, lost his money, his reputation, and his character. Then when he was down in the very gutter, feeding with lowly animals and indeed sleeping with them, he repented and came back to his father's house. Now we of the Democratic Party as elder brothers would have been glad to receive the erstwhile sinners graciously, to give them a bath, furnish them with clean raiment, put a ring on their finger, and give them a full meal. But it would have been becoming had they, like the Prodigal of old, had said, "Father, I have sinned against Heaven and in Thy sight, and am no longer worthy to be called Thy son. Make me as one of Thy humble servants."

But unfortunately no such repentance has occurred. Instead the newcomers espouse only a partial and a limited virtue, yet demand that they shall be regarded as the long-time practitioners of the good and heap abuse upon their elder brothers who remained faithful during the years of strain, and upon whom the new converts really lean for protection and support. I suggest that our friends should read a new Emily Post on political etiquette and good manners.

Madam President, I ask unanimous consent that the amendments which I

have prepared to the bill be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received and printed, and will lie on the table.

EXHIBIT 1

ABRAHAM LINCOLN ON THE TARIFF: A MYTH

Those who have followed the campaign literature on the tariff during recent years will have become familiar with a phrase attributed to Abraham Lincoln. The following version is taken from Curtiss's *Industrial Development of Nations* (1912), a pretentious three-volume publication, in which are collected indiscriminately all sorts of protectionist arguments. Under a portrait of Lincoln this is printed:

"I do not know much about the tariff, but I know this much, when we buy manufactured goods abroad, we get the goods and the foreigner gets the money. When we buy the manufactured goods at home, we get both the goods and the money."

No reference is given by Curtiss to Lincoln's writings; nor is such a reference given in any place where I have found the phrase quoted. A careful examination of the various editions of Lincoln's published works brings to light nothing that remotely resembles it. There is nothing in either of the two editions of his writings put together by Nicolay and Hay, nor is there anything in the so-called Federal edition. Nicolay and Hay's *Life* yields nothing of the sort, nor any of the biographies. So with Lincoln's speeches in Congress and his messages to Congress. There is no lack, to be sure, of references to the tariff by Lincoln. He began his political career as a Whig, and remained a protectionist; though during the decade preceding the war his political insight led him to put it aside as an issue on which to appeal to the people. Those who are interested in the history of the tariff controversy may find it worth while to turn to some notes of his, written in 1846-47, containing a sketch of an address on the tariff. Here the main thought is that labor given to transporting a commodity from foreign countries is wasted, if the commodity can be produced within the country with as little labor as elsewhere.¹ This may be an echo of some of Carey's well-known utterances; and it could be made the text for some explanation of the principle of comparative cost. A passage of a similar sort is in an address made at Pittsburg in 1861, indicating that Lincoln had kept this particular turn of reasoning in mind. But there is not the slightest suggestion of the much-quoted phrase.

Now, what is the history of the phrase?

The very first mention which we have found² is in 1894, in the *American Economist*, a weekly protectionist sheet published in New York. In that periodical for June 29, 1894, the following is given as hav-

¹ Vol. iii, p. 6. Elsewhere in the book the version is in somewhat different form: "Abraham Lincoln said: 'When an American paid \$20 for steel rails to an English manufacturer, America had the steel and England had the \$20. But when he paid \$20 for the steel to an American manufacturer, America had both the steel and the \$20.'" Ibid., vol. ii, p. 471.—This obviously is an anachronism, since such a thing as a steel rail was unknown in Lincoln's time.

² *Lincoln's Complete Works* (2 vol. edition), vol. i, p. 90. Cf. p. 679 for the Pittsburg address.

³ I say "we," because in the endeavor to trace the phrase to its origin I have had invaluable assistance from Mr. D. M. Matteson, well-known for his thoroughness in research on problems of American history.

ing been copied from the *Independent* of Howard, Ill., of June 9, 1894:

"Lincoln's first speech on the tariff question was short and to the point. He said he did not pretend to be learned in political economy, but he thought that he knew enough to know that 'when an American paid \$20 for steel to an English manufacturer, America had the steel and England had the \$20. But when he paid \$20 for the steel to an American manufacturer, America had both the steel and the \$20.'"

In a later issue (October 26) of the *American Economist* of that same year, it is stated that another newspaper, the *Peoria Journal*, protested that the goods and money speech was made at Kewanee; while still another newspaper, the *Chicago Record*, pointed out that this version was not at all in accord with Herndon's report of Lincoln's first speech.⁴

That the phrase was not current before 1894, at least in its attribution to Lincoln, and probably was not known at all, is indicated by its absence from those collections of opinions of the fathers which form a familiar part of the protectionist stock in trade. It is not to be found in Stebbins' *American Protectionist's Manual* (1883); though Lincoln is there mentioned as being in favor of a high protective tariff. Nor is it in a tract published in 1892 by the American Iron & Steel Association, under the title *The Testimony of the Fathers*. The tract contains a choice collection of excerpts from the utterances of Hamilton, Jefferson, Calhoun, Webster, Clay, even Fillmore, and Buchanan; but not a word from Lincoln. Nor is it used with any frequency for some years after its first appearance in 1894. But after 1900 it turns up repeatedly in the file of the *American Economist*: in 1901, in 1905, twice in 1906, again in 1908.⁵ After the very first appearance, the commodity mentioned seems to be invariably rails, sometimes iron rails, sometimes steel rails. Usually, a newspaper is quoted as having used the phrase or reported its use. Thus, in 1905, the following is quoted from the *Worcester Telegram*:

"Senator Scott, of West Virginia, is scored in some places for quoting President Lincoln in support of the policy of standing pat on the tariff issue, and some of the critics appear to doubt that Lincoln ever used the words attributed to him. The words at least are good enough to have been used by the war President. Senator Scott says: 'President Lincoln once remarked that if we gave \$30 a ton for iron rails made in this country we would have both the rails and the money, but if we bought them in England the rails only would be ours, while the Britishers would get the cash.' * * * Neither does it matter * * * whether the rails * * * are iron of the days of Lincoln or the steel of today."

⁴ Mr. Matteson reports that Howard appeared on the maps until about 1902; since then a village at the same spot, a mere junction point, apparently, is named Lotus on the map. It is in the northwest corner of Champaign County, 40 miles from Lincoln's early home at New Salem. Mr. Matteson adds: "I am forced to the conclusion that the *Howard Independent* is a myth, or at least a misprint. The postmaster at Lotus writes me that no paper has ever been printed there; and there is no other town in Illinois, so far as I have been able to discover, with which the name Howard is associated. No *Howard Independent* was published elsewhere in the United States, according to the newspaper directories of 1891, 1894-95, and the last issue."

⁵ May 10, 1901; June 9, 1905; February 16 and December 21, 1906; December 18, 1908; December 23, 1910. The set of the *American Economist* in the Harvard Library is not complete; there may be other references in the missing numbers.

In 1908, again, the then Secretary of the Treasury, Leslie M. Shaw, is quoted in the *Economist* as having used the quotation in a Boston speech.

The first appearance for express campaign use appears to be in 1904. The phrase is to be found in the Republican Campaign Book of that year. In earlier campaign books, for 1892, 1896, 1900, it does not appear; although in that of 1896 Lincoln is cited as an advocate of protection. Evidently the phrase was not widely known during these earlier years. In the campaign book of 1904, there is an extended quotation from Lincoln's tariff notes of 1846-47 (referred to a moment ago) and then at the close we find:

"On another occasion Mr. Lincoln [is quoted] as saying: 'I am not posted on the tariff, but I know that if I give my wife \$20 to buy a cloak and she buys one made in free-trade England, we have the cloak, but England has the \$20; while if she buys a cloak made in the protected United States, we have the cloak and the \$20.'"

Here, it will be observed, "a cloak" appears. In a speech by McCleary, of Minnesota, in the House of Representatives, April 22, 1904,⁷ "a dress" and "my wife" appear, with the same sum of \$20. It may be that the campaign book version of 1904 was taken from McCleary's speech.

In 1910 the phrase appears conspicuously in a booklet entitled "Story of a Tariff," published by the American Protective Tariff League—the organization which publishes the *American Economist* also. This booklet lauds the tariff of 1909 as the best tariff bill (sic) the Republican Party ever passed, and gives a quantity of extracts from speeches on that measure. On the inside cover page there is printed, in large type, Lincoln's tariff creed, in these words:

"Secretary Stanton once asked Abraham Lincoln what he thought of a protective tariff. Mr. Lincoln replied: 'I don't know much about the tariff, but I do know that if my wife buys her cloak in America, we get the money and the cloak, and that American labor is paid for producing it; if she buys her cloak abroad, we get only the cloak, the other country gets the money, and foreign labor receives the benefit.'"

It will be observed that this is somewhat enriched. American labor and foreign labor are smuggled in; and not only is the wife introduced, but Secretary Stanton also.⁸

Not the least interesting episode in the history of the phrase is its voyage across the water and subsequent return to the United States. In 1908, the *American Economist* reports that a London correspondent has written:

"An interesting development has been the appeal to Abraham Lincoln * * * as the final authority in an English fiscal contro-

versy. * * * A number of Unionist papers closed the controversy simultaneously by quoting the following extract from a speech made by Lincoln shortly before his death: "The problem seems to me a simple one. If we adopt free trade it means that we import our goods, in which case the foreigner will have our money and the work, and we his goods. If, however, we adopt a system of protection, or a system of safeguarding our industries and our working classes, thereby manufacturing the good ourselves, the result will be that we shall have the goods, the money, and the employment."

It will be observed that here Lincoln is supposed to have made the remark shortly before his death; whereas on its emergence it was supposed to have been made in his first speech.

Very recently the English tariff reformers have utilized it again. They distributed (apparently in the course of 1913) a post card bearing within an ornamental scroll the following printed text:

"I do not know much about the tariff, but I do know this much: when we buy goods abroad, we get the goods, and the foreigner gets the money; when we buy goods made at home, we get both the goods and the money."—Abraham Lincoln.

This naturally led to attack by freetraders in the columns of the *Manchester Guardian*. The *Guardian* in turn made its way to this country, and thereupon our loyal protectionists were led to retort that this shallow newspaper "in an unguarded moment recently allowed its finespun theory of free trade to come into direct conflict with the protectionist commonsense of Abraham Lincoln."⁹

Finally, the phrase has descended to base uses indeed. In recent issues of New York newspapers, a brand of shoes is advertised as "made from American materials, with home labor and by home capital," and then follows the precise passage quoted a moment ago from the *Story of a Tariff* of 1910, with the interpolations about American labor and foreign labor, and the reference to Secretary Stanton. The advertisement, however, seems not to have been found advantageous. The advertiser was overwhelmed by a host of inquiries, and made a public reply in which he withdrew behind the shelter of the Protective League and its publications; and he refrained from continuing the advertisement.¹⁰

It seems certain that the phrase is apocryphal. There is no evidence that Lincoln ever used it. Further search may show just how it originated. Possibly the claptrap about the "goods and the money" was invented before it was foisted on Lincoln; possibly it was ascribed to him at an earlier date than the first here noted (1894). By dint of repetition it has come to be associated with Lincoln almost as much as the cherry tree is associated with Washington. So crude is the reasoning (if such it can be called), so vulgarly fallacious is the antitheses, that

⁹See the *Textile Record* (Boston), July 1913. I have been able to secure little information about the British episode. The literary secretary of the Tariff Reform League writes me: "We have no post card containing the quotation from Lincoln, nor to the best of my knowledge have we ever issued such a post card. * * * The quotation is, of course, well known to us, and it is quite possible we may have referred to it in our *Monthly Notes*, though not in any recent years." Another correspondent in England suggests that a branch of the league may have circulated the card.

¹⁰The advertisement appeared in New York in the *Journal of Commerce* and the *Times*, May 1914; perhaps in other newspapers also. The advertiser's answer to inquiries was in the *Times* of May 18.

we must hope that it will cease to be invested with the sanction of a venerated name.¹¹

F. W. TAUSSIG.

HARVARD UNIVERSITY.

LINCOLN AND THE TARIFF: A SEQUEL

The note which I published in the August issue of this *Journal* on the tariff phrase attributed to Lincoln (getting "both the goods and the money") has stirred discussion, as is natural with anything that concerns the great President. Some further light upon the origin of the phrase has come in consequence. For most of the information which I am now able to give, I am indebted to Mr. Calvin W. Lewis of Brookline, Mass., who first called attention to some of the clues in contributions to the Boston Transcript signed with a pseudonym, and who has since put at my disposal in the most obliging way the results of his inquiries.

It will be remembered that the earliest appearance of the phrase, so far as Mr. Matteson and myself were able to trace it, was in the *American Economist* for June 29, 1894, where it was stated to have been copied from the "Howard Independent" of June 9, 1894. The *Howard Independent* proved a puzzle. Mr. Matteson was able to find no trace of any such newspaper, and concluded that it was "a myth, or at least a misprint." The puzzle was not lessened by the failure of the *American Economist* to give any explanation. Our note was brought to the attention of the *Economist*, and some reference has been made in its columns to Lincoln's utterances upon the tariff and to this particular myth; but no attempt was made to verify, or specify further, the source from which the phrase had come. A suspicion could not but arise that the phrase might have been manufactured by the *Economist*, and that the *Howard Independent* was a pretense.

That suspicion proves to be quite without foundation. The *Howard Independent* is not a myth; but, as Mr. Matteson thought possible, it is—a misprint. It appears that there is in Illinois a flourishing town by the name of Harvard, and that a weekly newspaper, the *Harvard Independent*, has been published there for many years. "Howard Independent" was merely a misprint for "Harvard Independent." Moreover, Mr. Lewis, through correspondence with the present editor of the *Harvard Independent*, has learned from him that a search in his files brought to light, in the issue of the date stated, June 9, 1894, the identical phrase. It is there, and the *American Economist* copied it in good faith and with due credit. It is not surprising that the editor of the *American Economist*, after the lapse of 20 years, should have quite forgotten just how he happened on the phrase, and should now find it as difficult to trace as the rest of us. Any suspicion of fabrication on his part was quite without foundation.

But all this only serves to push the inquiry one step further back. Where did the *Harvard Independent* get the phrase?

In the works of Robert G. Ingersoll there is an oration upon Lincoln, which bears the date 1894. In it there is a passage¹ which

¹Since this note was prepared, my attention has been called to a letter of Mr. Horace White's in the *New York Evening Post* of April 10, 1914. Mr. White points out that nothing like the oft-cited passage is to be found in Lincoln's writings, and pungently concludes: "My reason for thinking that Lincoln never said this is that he was not a fool."

²See vol. III, pp. 127-128, of the Dresden Edition of the Works of Robert G. Ingersoll (New York, 1900). The oration, or lecture, is also reprinted as an introduction to the seventh volume of Lincoln's *Collected Writings*, edited by Nicolay and Hay (New York, 1905).

* Brackets are mine. The guarded way in which the passage is used would seem to indicate suspicion. It does not appear in the Republican Campaign Handbook of 1903 and of 1912.

⁷CONGRESSIONAL RECORD, 58 Cong. 2d sess. Appendix, p. 246.

⁸In response to an inquiry, Mr. W. F. Wakeman, secretary of the American Protective Tariff League, wrote me on June 28, 1914: "About 5 years ago I took up this subject of what Lincoln really did say on the tariff question and found that the extract as printed is correct. I consulted the family and every possible authority. I will try to run over the original correspondence shortly and give you additional information if desired." But the information, though asked for, has not been supplied. Mr. Wakeman was secretary of the league in 1894, and has been so ever since, except in 1900-1901, when he was appraiser in New York.

says that Lincoln was "nominated for the legislature and made a speech," and that this speech was in favor of a protective tariff. Ingersoll refers to it shortly after as Lincoln's first speech. After some remarks about the influence of manufactures in "developing the brain" and "giving wings to the imagination," Ingersoll goes on thus:

"It is better for Americans to purchase from Americans, even if the things purchased cost more.

"If we purchase a ton of steel rails from England for \$20, then we have the rails and England the money. But if we buy a ton of steel rails from an American for \$25, then America has the rails and the money both."

It will be observed that this differs in one significant particular from the phrase attributed to Lincoln. The purchase from the American is supposed to be at a higher price than that from the Englishman—\$25 instead of \$20; the allegation is that it is more advantageous to buy at home, even at the higher price.

There are other grounds for questioning whether this passage, as it appears in print, was the source of our myth. It is not put by Ingersoll in quotation marks, nor is there any intimation or implication that it is taken from Lincoln. Ingersoll mentions steel rails; if he had wished to imply that the language was Lincoln's, he would hardly have selected an article not known in Lincoln's day. A careless reader might possibly infer this to be a paraphrase or quotation from Lincoln; but only a careless one. More important is the circumstance that internal evidence points to its having been published at a later date than that of the passage in the *Harvard Independent* (June 1894). Immediately following the two paragraphs just quoted Ingersoll goes on: "Judging from the present universal depression and the recent elections, Lincoln, in his first speech, stood on solid rock and was absolutely right." "Recent elections" must refer to the elections of the autumn of 1894. The elections of 1892 were not favorable for the Republicans, but those of 1894 were. It is the latter only to which Ingersoll could have alluded. The date of the oration in its printed form is clearly later than that of the appearance of the phrase in the *Harvard Independent*.

Nevertheless, I am disposed to believe that Ingersoll's oration is the fons et origo of the myth. Ingersoll was much in demand as a lecturer and political speaker. For years he orated on the lyceum platform and spoke at political rallies. The oration on Lincoln doubtless was delivered many and many a time before it was put into cold print. The tariff phrase doubtless figured in it, and was likely to stick in the memory of hearers; and it is in this way that the editor of the *Harvard Independence* probably got hold of it. Hearing it as delivered, with the dramatic emphasis of which Ingersoll was a master, he would not fail to remember it, and at the same time would naturally suppose it to be a quotation from Lincoln, not an epigram of the orator's. The circumstance that the difference in price between English and American rails, which is an important part of Ingersoll's version, does not appear in the *Harvard Independent* or in other places, is entirely consistent with its having been derived from a vaguely memorized report of spoken words.

In sum, the indications now seem to be that Ingersoll's oration, notwithstanding its having appeared in print at a later date than the first published version of the phrase, is nevertheless its source. It is precisely such as Ingersoll might have invented—epigrammatic and fetching. And yet still further search may show that it was derived by Ingersoll himself from some source still more remote. No evidence has been adduced, or

is likely to be, that it originated with Lincoln or was ever used by him.

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THE LINCOLN TARIFF MYTH FINALLY DISPOSED OF

In two notes published in this Journal, one in August 1914 entitled "Abraham Lincoln on the Tariff: A Myth," and the other in February 1915 entitled "Lincoln and the Tariff: A Sequel," I presented the results of an inquiry on the origin of a phrase about the tariff ascribed to Lincoln.¹ The phrase appeared in various forms. The familiar one was this: "If we purchase a ton of steel rails from England for \$20, then we have the rails and England the money. But if we buy a ton of steel rails from an American for \$25, then America has the rails and the money both." My conclusion, after following up various clues, was that the phrase originated with Robert G. Ingersoll. Though it did not appear in Ingersoll's published writings until after the date of first ascription to Lincoln, the evidence indicated that it had been used by Ingersoll in his orations and lyceum speeches in such a way as to lead reporters, quite without design on Ingersoll's part, to attribute it to Lincoln.

Complete confirmation of this surmise has recently come to me through the obliging inquiries of Mr. Edward F. O'Neil, of New York. Endeavors of my own to secure information from members of Ingersoll's family had been fruitless. Mr. O'Neil, however, has communicated with Ingersoll's surviving sister-in-law, Mrs. C. P. Farrell, of New York, and gets from her the unequivocal statement that Ingersoll used the steel rail story as early as 1880. She refers to a speech made in Brooklyn, N. Y., in October 1880, and reported to the *New York Herald* of October 31 of that year. He used it also in an interview in the *Republican* of Denver, Colo., on January 17, 1884, and once more in a speech at the Metropolitan Opera House on June 29, 1888. The evidence seems to be complete. Ingersoll was the author of the phrase, and used it frequently. Only by accidental collocation with Lincoln's name did it come to be ascribed to the great President.

EXHIBIT 2

The undersigned American economists and teachers of economics strongly urge that any measure which provides for a general upward revision of tariff rates be denied passage by Congress, or if passed, be vetoed by the President.

We are convinced that increased restrictive duties would be a mistake. They would operate, in general, to increase the prices which domestic consumers would have to pay. By raising prices they would encourage concerns with higher costs to undertake production, thus compelling the consumer to subsidize waste and inefficiency in industry.

At the same time they would force him to pay higher rates of profit to established firms which enjoyed lower production costs. A higher level of duties, such as is contemplated by the Smoot-Hawley bill, would therefore raise the cost of living and injure the great majority of our citizens.

Few people could hope to gain from such a change. Miners, construction, transportation, and public utility workers, professional people, and those employed in banks, hotels, newspaper offices, in the wholesale and retail trades, and scores of other occupations would clearly lose, since they produce no

products which could be especially favored by tariff barriers.

The vast majority of farmers also would lose. Their cotton, pork, lard, and wheat are export crops and are sold in the world market. They have no important competition in the home market. They cannot benefit, therefore, from any tariff which is imposed upon the basic commodities which they produce.

PREDICT A DOUBLE LOSS

They would lose through the increased duties on manufactured goods, however, and in a double fashion. First, as consumers they would have to pay still higher prices for the products, made of textiles, chemicals, iron and steel, which they buy. Second, as producers their ability to sell their products would be further restricted by the barriers placed in the way of foreigners who wished to sell manufactured goods to us.

Our export trade, in general, would suffer. Countries cannot permanently buy from us unless they are permitted to sell to us, and the more we restrict the importation of goods from them by means ever higher tariffs, the more we reduce the possibility of our exporting to them.

This applies to such exporting industries as copper, automobiles, agricultural machinery, typewriters and the like fully as much as it does to farming. The difficulties of these industries are likely to be increased still further if we pass a higher tariff.

There are already many evidences that such action would inevitably provoke other countries to pay us back in kind by levying retaliatory duties against our goods. There are few more ironical spectacles than that of the American Government as it seeks, on the one hand, to promote exports through the activity of the Bureau of Foreign and Domestic Commerce, while, on the other hand, by increasing tariffs it makes exportation ever more difficult.

We do not believe that American manufacturers, in general, need higher tariffs. The report of the President's Committee on Recent Economic Changes has shown that industrial efficiency has increased, that costs have fallen, that profits have grown with amazing rapidity since the end of the world war. Already our factories supply our people with over 96 percent of the manufactured goods which they consume, and our producers look to foreign markets to absorb the increasing output of their machines.

Further barriers to trade will serve them not well but ill.

EFFECT ON INVESTMENTS ABROAD

Many of our citizens have invested their money in foreign enterprises. The Department of Commerce has estimated that such investments, entirely aside from the war debts, amounted to between \$12,555,000,000 and \$14,555,000,000 on January 1, 1929. These investors, too, would suffer if restrictive duties were to be increased, since such action would make it still more difficult for their foreign debtors to pay them the interest due them.

America is now facing the problem of unemployment. The proponents of higher tariffs claim that an increase in rates will give work to the idle. This is not true. We cannot increase employment by restricting trade. American industry, in the present crisis, might well be spared the burden of adjusting itself to higher schedules of duties.

Finally, we would urge our Government to consider the bitterness which a policy of higher tariffs would inevitably inject into our international relations. The United States was ably represented at the World Economic Conference which was held under the auspices of the League of Nations in 1927. This Conference adopted a resolution announcing that the time has come to put an

¹ Reprinted in the volume of collected essays on Free Trade, the Tariff and Reciprocity (1920).

end to the increase in tariffs and to move in the opposite direction.

The higher duties proposed in our pending legislation violate the spirit of this agreement and plainly invite other nations to compete with us in raising further barriers to trade. A tariff war does not furnish good soil for the growth of world peace.

THE SIGNERS

The signers include many economists connected with banks, public utilities, manufacturing industries, merchandising concerns, and other business establishments.

The number signing from leading universities are: Columbia 28, New York University 22, Cornell 18, Harvard 25, Yale 14, Princeton 17, Dartmouth 24, Chicago 26, Wisconsin 23, Pennsylvania 13, California 11, Stanford 7, Illinois 14, Northwestern 9, Minnesota 15, Missouri 15.

ORIGINATORS AND FIRST SIGNERS

PAUL H. DOUGLAS, professor of economics, University of Chicago.

Irving Fisher, professor of economics, Yale University.

Frank D. Graham, professor of economics, Princeton University.

Ernest M. Patterson, professor of economics, University of Pennsylvania.

Henry R. Seager, professor of economics, Columbia University.

Frank W. Taussig, professor of economics, Harvard University.

Clair Wilcox, associate professor of economics, Swarthmore College.

ADDITIONAL SIGNATURES

Alabama

University of Alabama—James Halladay.

Arizona

University of Arizona—Robert B. Pettin-gill.

Arkansas

University of Arkansas—Truman C. Bing-ham, Walter B. Cole, Kenneth Sharkey, C. C. Pichtner, A. W. Jamison, C. O. Branner, B. M. Gile.

Hendrix Henderson College—Ivan H. Grove, O. T. Gooden.

California

University of California—Ira B. Cross, Gordon S. Watkins, Stuart Daggett, M. M. Knight, Robert A. Brody, E. T. Grether, E. J. Brown, Lonn T. Morgan, Henry F. Grady, E. W. Braun, N. L. Silverstein.

Claremont College—Horace Secrist.

University of Southern California—Reid L. McClung.

University of Redlands—H. C. Tilton, Ar-thur D. Jacobson.

California Institute of Technology—Hor-ace N. Gilbert.

Mills College—Glenn F. Hoover.

Stanford University—Dean W. E. Hotch-kiss, Eliot Jones, Holbrook Working, Helen Cherington Farnsworth, Ada Fay Wyman, L. Elden Smith, Murray S. Wildman.

Pomona College—Kenneth Duncan, George I. Burgess, Norman Ness.

Armstrong College of Business Adminis-tration—Frank A. Haring, W. W. Diehl, J. Evan Armstrong, John H. Goff, George A. Letherman, J. Frank Day.

College of the Pacific—Robert C. Root, Luther Sharp, Laura M. Kingsburg.

Pasadena Junior College—Roscoe Lewis Ashley, Earl D. Davis, Leland M. Pryor, Fred G. Young, Louise H. Murdock, Henry P. Melnikow, Louis J. Hopkins, R. F. Berkeley, Walter W. Cooper, Howard S. Noble, L. S. Samra, Philip J. Webster, Claire Soderblom.

Colorado

University of Colorado—Dean Elmore Peterson, Frederick J. Bushee.

Colorado College—A. P. R. Drucker, J. G. Johnson, Edna Rose Groth.

University of Denver—H. W. Hudson.

State Agricultural College—D. N. Donald-son.

Colorado Wesleyan University—Clyde Olin Fisher, K. M. Williamson, Norman J. Ware.

Connecticut

Yale University—Ray B. Westerfield, Fred R. Fairchild, Winthrop M. Daniels, Jerome Davis, C. H. Whelden, Jr., Hudson R. Hast-ings, Ralph A. Jones, A. Barr, Jr., William W. Werntz, Triston R. Barnes, H. Berolzheimer, Geoffrey Crowther, Francis W. Hopkins.

Connecticut Agricultural College—Albert E. Waugh, Edward H. Gumbart, Cecil G. Tilton.

Trinity College—G. A. Kleene, George A. Suter, Henry W. Farnam, Curtis M. Geer, Charles A. Tuttle.

Delaware

University of Delaware—Claude L. Bonner, Harry S. Gabriel, J. Sidney Gould.

District of Columbia

Horace B. Drury, Frank J. Warne, Herbert O. Rogers, Arthur Sturgis, Boris Stern, Les-ter D. Johnson, Edith S. Gray, Arthur S. Field, W. H. Rowe, Glen L. Swiggett, John H. Gray, Jesse E. Pope, Harold Van V. Fay, Kurt Schneider, Charles E. Purans, Agnes L. Peter-son, C. E. Clement, George B. L. Arner, Wil-liam G. Elliot 3d, George B. Galloway, R. M. Boeckel.

Brookings Institution

C. C. Hardy, Leverett S. Lyon, Philip G. Wright, Lynn R. Edmlnster, W. M. Blaisdell, Gustavus A. Weber, Frank Tannenbaum, Freda Baird.

George Washington University

Harold G. Sutton, Richard N. Owens, Belva M. Owens.

American University

Charles F. Marsh, D. A. Kinsman.

Catholic University

The Rev. John A. Ryan.

Florida

Francis M. Williams, H. Clay Armstrong, Isaac W. Bernheim.

Rollins College—Glen E. Carlson, Leland H. Jenks.

University of Florida—Harwood B. Dol-beare, Howard M. Dykman, Rollin S. At-wood, W. T. Hicks, J. G. Eldridge, J. P. Wil-son P. C. Sagnione, Huber C. Hurst.

Georgia

University of Georgia—Dean R. P. Brooks, Glenn W. Sutton, James B. Summers, Mal-colm H. Bryan, John W. Jenkins.

Agnes Scott College—James M. Wright. Emory University—Edgar H. Johnson, Clark Warburton, Mercer G. Evans.

Idaho

University of Idaho—Irwin Crane.

College of Idaho—Robert Rockwood Mc-Cormick.

Illinois

University of Illinois—Merlin H. Hunter, D. H. Hoover, M. A. Weston, D. Philip Locklin, Simon Litman, George U. Sanford, Paul E. Alyer, Paul M. Vanarsdell, Edward Berman, Donald R. Taft, Horace M. Gray, Daniel Barth, Jr., D. M. Dailey, R. F. Smith.

Northwestern University—Earl Dean How-ard, Spencer W. Myers, Arthur J. Todd, Charles A. R. Wardwell, A. D. Theobald, Har-old A. Frey, Coleman Woodbury, Robert J. Ray, E. W. Morehouse, Helen C. Manchau.

James Milliken University—Jay L. O'Hara. Mohmouth College—J. S. Cleland.

University of Chicago—H. A. Millis, J. Lau-rence Laughlin, Henry Schultz, Garfield V. Cox, Chester W. Wright, Stuart P. Meech, H. G. Shields, Hazel Kyrk, James L. Palmer, Paul W. Stone, Martin Taitel, Helen R. Jeter, S. H. Nerlove, F. W. Clower, John U. Nef, Howard A. Baker, Charles J. Coe, Sara Lan-dau, Arthur M. Weimer, Hilding B. Jack, Mary

V. Covey, Leo McCarthy, May I. Morgan, R. W. Baldwin, Esther Essensshade.

Knox College—R. S. Steiner.

Lewis Institute—Judson F. Lee, P. S. Mata, E. J. Fowler, Carl Vrooman, A. D. Arado, Eugene W. Burgess, Ruth M. Kellogg, S. Leon Levy, Dorothy W. Douglas, Edward Manley, Willard S. Hall, O. David Zimring, E. W. Mar-cellus, I. W. Mints, Roger T. Vaughan, Everett V. Stonequist, Henry C. Simons, Margaret Grobbsen, Howard B. Myers, Joseph E. Griffin, Gerard S. Brown, H. S. Irwin, George E. Hooker, John H. Sherman, John B. Woolsey, Harland H. Allen, Lester S. Kellogg.

Indiana

Indiana University—Thomas S. Luck, Wil-liam C. Cleveland, Guy E. Morrison, James E. Moffat, Edwin J. Kunst.

Butler University—M. G. Brldensteln, Earl R. Beckner, Chester B. Camp, M. F. Gaudian. Evansville College—Dean Long, Heber P. Walker, Paul G. Cressey.

Gosh College—Roland Yoder.

De Pauw University—William R. Sherman, A. H. Woodworth.

Iowa

University of Iowa—E. B. Reuter, Richard W. Nelson, George W. Mitchell, J. L. Miller, J. E. Partington.

Drake University—David F. Owens, L. E. Hoffman, W. N. Rowlands, Herbert W. Bohl-man, Herbert R. Mundhenke.

Iowa State College—Elizabeth Hoyt, John E. Brindley.

Penn College—President H. L. McCracken. Grinnell College—Laetia M. Conard.

Kansas

University of Kansas—John Ise, Jens P. Jensen, Eugene Maynard, Domenico Gagli-ardo.

Kansas State Agricultural—Leo Spurrler, J. E. Karnmeyer, T. J. Anderson, Jr.

Kansas Wesleyan—David Dykstro.

Southwestern College—E. R. McCarthy.

Bethel College—Robert G. O. Grovewald, J. F. Moyer, H. W. Guest, W. M. Blach.

Kentucky

University of Kentucky—Edward Weist, James W. Martin, J. Catron Jones, C. A. Pearce, J. Phillip Glenn, Harry Best, Esther Cole, Chester W. Shull, G. W. Patton, John Kimper, Dana G. Card, Saul K. Walz, H. Bruce Price, Walter W. Jennings.

Louisiana

Tulane University—Robert W. Elsasser, J. H. Stallings, National Fertilizer Co.

Maine

John W. Bowers. Bowdoin College—Walter B. Catlin, Phillips Mason, Morgan B. Cushing, William W. Lock-wood Jr., Wilfred H. Crook.

Maryland

Theodore Marburg, Dexter M. Keezer. Goucher College—Mollie Ray Carroll, Elinor Pancoast.

St. John's College—V. J. Wyckoff.

John Hopkins University—Broadus Mitchell.

Western Maryland College—W. B. Sanders, W. Scott Hall.

Massachusetts

Harvard University—G. B. Roorbach, John D. Black, Carl F. Tausch, N. S. B. Gras, Al-bert P. Usher, M. L. McElroy, Lawrence C. Lockley, T. H. Sanders, S. E. Harris, J. E. Dalton, Arthur W. Hanson, Donald H. Daven-port, Scott Warren, Malcolm P. McNair, Mur-ray R. Benedict, Albert O. Greef, P. T. Ells-worth, James A. Ross Jr., George P. Baker, S. S. Stratton, Robert L. Masson, Edmund P. Learned, Joseph L. Snider, Karl W. Bigelow.

Amherst College—Willard L. Thorp, George R. Taylor, A. K. Eaton.

Williams College—President H. A. Garfield, W. W. McLaren, Albert Sydney Bolles, Walter B. Smith, David Clark, Rosnell H. Whitman.

Wellesley College—Elizabeth Donnan, Lucy W. Killough, Emily Clark Brown, Mary B. Treudley.

Massachusetts Institute of Technology—James C. MacKinnon, B. A. Tresher, Carroll W. Doten.

Tufts College—President John A. Couzens. Smith College—Frank H. Hankins, Harold U. Faulkner.

Simmons College—Sara S. Stites.

Mount Holyoke College—Alzada Comstock.

Babson Institute—James M. Matthews.

Boston University—Charles T. Andrews.

Northeastern University—Milton J. Schlagenhauf, Julian E. Jackson, B. Gabine.

Clark University—Arthur F. Lucas, S. J. Brandenburg.

Wheaton College—Edith M. White.

Herman F. Arentz, John W. Boldyreff, Dickinson, W. Leavens, Francis G. Goodale, L. H. Hauter, George M. Peterson, Samuel Siglman, E. M. Winslow, A. S. Kingsmill, Prentice W. Townsley, Gilbert A. Tapley, L. H. L. Smith, John D. Willard, Lauchlin Curry, A. E. Monroe, C. L. McAleer, Arthur M. Moore, Harry Wood, Edward S. Mason, Lucile Eaves.

Michigan

Lawrence H. Seltzer, Arthur E. Erickson, Clifford E. King.

Battle Creek College—W. F. Payne.

Western State Teachers' College—Floyd W. Moore.

University of Michigan—Dean C. F. Griffin, G. S. Peterson, Roy G. Burroughs, Carroll H. May, Robert J. Henry, Ruth M. Engle, Nathaniel H. Engle, C. F. Remer.

Michigan State College—Herman Wyngardcn.

Minnesota

Carleton College—J. S. Robinson, O. C. Helwig, Paul R. Fossum, Gordon H. Ward.

University of Minnesota—Roy G. Blakey, Alvin H. Hansen, B. D. Mudgett, O. B. Jessness, R. A. Stevenson, Carl C. Zimmerman, Roland S. Vaile, Peter L. Stagswold, Glen R. Treanor, A. C. Haskin, Arthur W. Marget, O. W. Behrens, Richard L. Kozelka, J. Ross McFayden, John J. Reighard.

Mississippi

Agriculture and Mechanical College—Lewis E. Long.

Missouri

Chester W. Bigelow, S. E. Rigg.

Washington University—G. W. Stephens, J. Ray Cable, Orval Bennett, Ralph Carr Fletcher, Joseph M. Klamow, Joseph J. Senturia.

Westminster College—W. S. Krebs, Frank L. McCluer.

University of Missouri—Harry Gunnison Brown, James Harvey Rogers, Charles A. Elwood, F. L. Thomsen, B. H. Frame, C. H. Hammar, Preston Richard, D. C. Wood, H. C. Hensley, Morris D. Orten, Howard S. Jensen, Arthur S. Ennis, R. E. Curtis, George W. Baughman, O. R. Johnson.

Montana

University of Montana—Mattheas Kast.

Nebraska

Edward L. Taylor, W. G. L. Taylor, D. M. Halley.

Doane College—J. Harold Ennis, J. E. Taylor.

University of Nebraska—J. E. Lerossignol, G. O. Virtue, J. E. Kirshman, Vernon G. Morrison, Oscar R. Martin, J. C. Rankin.

Nevada

University of Nevada—Edward G. Sutherland, M. J. Webster, W. R. Blackhod, Ernest S. Brown.

New Hampshire

George W. Raynes.

University of New Hampshire—Claire W. Swonger, Carroll M. Degler, John D. Hauslein, H. J. Duncan, H. W. Smith.

Dartmouth College—Malcolm Kier, Ray V. Leffler, Robert E. Riegel, Russell D. Kilborne, W. A. Carter, Bruce W. Knight, Everett W. Goodhue, H. V. Olsen, Robert P. Lane, Louis W. Ingram, Archie M. Peisch, Stephen J. Navin, Herman Feldman, H. S. Raushenbush, Stacy May, H. F. R. Shaw, Earl R. Sikes, Lloyd P. Rice, Harry Purdy, J. L. McDonald, Nelson Lee Smith, Arthur Howe, G. Reginald Crosby, W. H. McPherson.

New Jersey

Walter H. Steinhauser, Edmund W. Foote, Augustus Smith, Franklin W. Ryan, Charles W. Lum, A. J. Duncan, Robert L. Smitley, Peter Fireman, Robert F. Foerster.

Princeton University—Frank A. Fetter, Frank Dixon, James J. Smith, Richard A. Lester, Vernon A. Mund, Denzol C. Cline, James M. Garrett, Stanley E. Howard, Donald L. Kemmerer, Frank W. Fetter, J. Douglas Brown, George F. Luthringer, Howard S. Piquet, George W. Modlin, J. W. Blum.

Rutgers University—E. E. Agger, Harry D. Gideons, Thomas W. Holland, E. L. Fisher.

New York

Columbia University—Wesley C. Mitchell, J. M. Clark, J. Russell Smith, James C. Bonbright, R. G. Tugwell, R. M. Maciver, Frederick M. Mills, Paul F. Brissenden, Robert E. Chaddock, Edward L. Thorndyke, Robert L. Hale, K. N. Llewellyn, A. H. Stockder, Edith Elmer Wood, William A. Dunkman, George Fillipetti, Edward J. Allen, Harold F. Clark, E. J. Hutchinson, B. H. Brechart, Addison T. Cutler, George Mitchell, Robert L. Carey, Elizabeth F. Baker, C. C. Williamson, Margaret Eagelson, Ralph H. Blanchard.

New York University—Wilford I. King, Myron W. Watkins, J. D. Magee, Walter E. Spahr, Marue Nedler, Corwin D. Edwards, William E. Atkins, D. W. McConnell, A. A. Frederick, Richard A. Girard, Louis S. Reed, John J. Quigley, Carl Raushenbush, Irving Glass, Lois Maeslenold, Edith Ayres, Arthur Weeburg, Willard Friedman, Loyle A. Morrison, Randolph M. Binder, John H. Prime, John W. Wingate, Arthur Wubpiez.

Cornell University—Sumner Slighter, Walter F. Wilcox, Morris A. Copeland, Paul T. Homan, S. S. Garrett, M. Slade Kendrick, James E. Boyle, Paul M. O'Leary, Lewis A. Froman, Harold L. Read, Donald English, Julian L. Woodward, W. Ross Junkin, William R. Leonaro, Leonard P. Adams, John H. Patterson.

Syracuse University—Harvey W. Peck, H. E. Bloe.

Colgate University—Freeman H. Allen, Albert L. Myers, E. Wilson Lyon, Sherman M. Smith, T. H. Robinson, N. J. Padelford, Everett Clair Bancroft, J. Milbourne, Shortliffe.

Vassar College—Mabel Newcomer, Ruth G. Hutchinson, Kathleen C. Jackson, Herbert E. Mills.

University of Buffalo—Niles Carpenter, T. L. Norton, Newlin R. Smith, Raymond Chambers.

Union College—W. M. Bennett, Donald C. Riley, Daniel T. Selks.

Wells College—Mabel A. Magee, Jean S. Davis.

Hobart College—W. A. Hosmer.

Hunter College—Eleanor H. Grady.

University of Rochester—Roth Clausung.

Brookwood Labor College—Daniel J. Saposs. Taylor Society—H. S. Person, managing director.

The Business Week—Virgil Jordan, editor.

The Annalist—Bernard Ostrolenk, editor.

International Telephone Securities Company—M. C. Porty.

Second International Securities Corp.—Leland R. Robinson.

Social Science Research Council—Meredith B. Givens.

American Electric Railways Association—Leslie Vickers.

Russell Sage Foundation—Mary Van Kleeck.

Tariff board—N. I. Stone, formerly chief statistician.

Federal Council of Churches of Christ in America—Arthur E. Suffern, Benson Y. Landis.

New York School of Social Work—John A. Fitch.

Clarkson College—Charles Leese.

Industrial Relations Counselors, Inc.—Mary B. Gilson, Murray Latimer, W. Bert, S. Regalo, James W. Zonson, Jeanne C. Barber.

Skidmore College—Coleman B. Cheney.

College of the City of New York—Ernest S. Bradford.

St. Lawrence University—Whitney Coombs.

Alfred University—Paul Rusby.

American Management Association—Mary Rogers Lyndsay, Leona Powell.

American Association for Labor Legislation—George H. Trafton, John B. Andrews.

Carl Snyder, Leo Wolman, George Soule, Stuart Chase, Herbert Feis, Edward T. Devine, George P. Auld, Fabian Franklin, Lawson Purdy, Gorton James, Paul W. Paustian, Warren W. Persons, Paul Tuckerman, Charles B. Austin, Donald R. Belcher, H. T. Newcomb, Lester Kirtzleb, A. W. Kattenhous, W. W. Cumberland.

Also, M. L. Jacobson, R. D. Fleming, Dudley M. Irwin, George B. Hill, William Church Osborne, Robert F. Binkled, F. B. Patten, Wendell M. Strong, Ida Craven, Elizabeth Todd, A. D. Noyes, Robert E. Corradini, Samuel M. Dix, W. C. Wishart, Edward E. Hardy, Ernest G. Draper, M. Léo Gitelson, Harold Fields, Henry Israel, Asher Achenstein, F. L. Patton, Stanley B. Hunt, R. L. Wiseman, Shelby M. Harrison, Rufus S. Tucker, John J. Wille, R. D. Patton, William E. Johnson, Albert W. Russell, Robert T. Hill, D. J. Cowden.

W. D. Gann, Melbourne S. Moyer, Herbert Fordham, Owen Ely, Roger H. Williams, Robert M. Woodbury, May Lerner, Elsie Gluck, Paul Bonwit, Robert D. Kohn, V. Kelley, J. C. Meeder, Cyrus L. Sulzberger, Charles S. Bernheimer, Ephraim A. Karelsen, Henry C. Hasbrouck, Robert Whitten, P. M. Tuttle, F. Lewis Corser.

Also Jeanette Kimball, Francis H. McLean, John M. Glenn, C. J. Fuller, Emily Barrofs Weber, Rich Kramer, Montefiore G. Kahn, Mary A. Prentiss, L. R. Gottlieb, Charles R. Fay, Martin Clark, John P. Munn, Otto S. Whitelock, Victor Morawetz, Clinton Collver, Helen Sumner Woodbury, William Seagle, Helen Sullivan, Bettina Sinclair.

North Carolina

Selma Rogas, C. K. Brown, A. Currie, Maxwell G. Pangle, Carl J. Whelan.

North Carolina State College—Joseph G. Knapp.

University of North Carolina—Dean D. D. Carroll, J. Gilbert Evans, W. F. Ferger, C. T. Murchison, G. T. Schwenning, E. D. Strong.

North Carolina College for Women—Albert S. Keister.

Duke University—R. A. Harvill, J. P. Breedlove, J. H. Shields, William J. H. Colton, Christopher Roberts, E. R. Gray, B. U. Ratchford, Robert S. Smith.

Elon College—Ralph B. Tower.

North Dakota

Dana G. Tinnes, James Forgeron.

University of North Dakota—Dean E. T. Towne, J. Donald Pymm, A. G. Rowlands, Daniel J. Schwieger, J. Periman, Spencer A. Larson, J. J. Rellahan, Roy E. Brown, Carmen G. Blough, E. C. Koch, V. A. Newcomb, Daniel James.

Ohio

Ohio State University—Matthew B. Hammond, Milo Kimball, J. J. Spengler, Clifford I. James, E. L. Bowers, Henry J. Buttermann, W. M. Duffas, Louise Stitt, Willford J. Elteman, Paul N. Lehocysky, N. Gilbert Riddle. Antioch College—William M. Leiserson, Rudolf Broda, Algo D. Henderson. Lake Erie College—Olive D. Reddick.

Wooster College—Alvin S. Testlebe, E. E. Cummins.

University of Cincinnati—Harry Henig.
Miami University—Warren S. Thompson, P. K. Whelpton, Edwin S. Todd, H. H. Beneke, Henry P. Shearman, C. H. Sandage, Howard White, Howard R. Whinson, John F. Schreiner, Wilfrid G. Richards, Carroll B. Malone, James H. St. John, F. B. Joyner, W. J. M. Neff, J. R. Dennison, J. M. Gersting, Read Bain.

Heidelberg College—Onsian Gruber.
Hiram College—J. E. Smith.
Denison University—Hiram L. Jome, Harold H. Titus, Leo A. Thaaake, Charles West, Frederick E. Detweiler.

Western Reserve University—Claude Stimson, O. J. Marsh, Louis O. Foster, C. C. Arbuthnot.

Oberlin University—C. C. Bayard, Paul S. Peirce.

Case School of Applied Science—Frank T. Carleton.

Kenyon College—George M. James.
Municipal University of Akron—W. W. Leigh.

University of the City of Toledo—Clair K. Searles.

Dr. I. M. Rubino, Edward D. Jones, John A. Zangerle, I. W. Appleby, Amy G. Maher, Homer H. Johnson, E. L. Oliver, Thomas M. Wolfe, Grover P. Osborne, Eugene H. Foster.

Goodyear Tire & Rubber Co.—H. L. Flanick, Royal E. Davis.

Oklahoma

Oklahoma Agricultural and Mechanical College—Orman W. Hermann, P. H. Stephens, J. T. Sanders.

University of Tulsa—A. M. Paxson, W. M. Maurer.

University of Oklahoma—Dean Paul L. Vogt, Leonard Logan, Jr., John P. Ewing, Ivar Axelsson, N. Grady Sloan.

Northeastern State Teachers College—Dean Sobin C. Percefull.

Oregon

Oregon State College—E. B. Mittelman, F. L. Robinson, Alfred C. Schmidt, Curtis Kelley, Bertha Whillock, Leila Hay, E. E. Farnsworth, J. H. Irvine, H. K. Roberts.

Reed College—Clement Akerman, Blair Stewart.

Pacific University—Harold N. Burt, Harold Harward.

University of Oregon—Vernon G. Sorrell.

Pennsylvania

University of Pennsylvania—Emory R. Johnson, dean; Raymond T. Bye, Paul F. Gemmill, William C. Schluter, Stuart A. Rice, W. E. Fisher, William N. Loucks, Karl Scholz, Clyde M. Kahler, Raymond T. Bowman, Weldon Hoot, William J. Carson.

Temple University—Russell H. Mack, William J. Douglas, S. S. Hoffer.

Wilson College—Henrietta C. Jennings.
Lehigh University—E. A. Bradford, Elmer C. Bratt.

University of Pittsburgh—Francis D. Tyson, Marion K. McKay, Colston E. Warne, Donald D. Kennedy, Vincent W. Lanfear, Hugh M. Fletcher, P. N. Dean.

Washington and Jefferson—Carl W. Kaiser.
Bryn Mawr College—Hornell Hartz.

Franklin and Marshall—Horace R. Barnes, Edward L. Lancaster, Wesley Gadd, Noel P. Laird, Harold Fischer.

Haverford College—Don C. Barrett, John G. Herndon, Jr.

Pennsylvania State College—Earl V. Dye, W. E. Butt, H. W. Stover.

Drexel Institute—Edwin J. Kaschenbach, A. E. Blackstone, C. L. Nickels, Earl Spargess, W. N. McMullan.

Swarthmore College—Robert C. Brooks, Herbert F. Fraser, Troyer S. Anderson, J. Roland Pennock.

J. Henry Scattergood, Hugo Bilgram, Carl W. Fenninger, Louis N. Robinson, M. S. D'Essipri, Charles L. Serrill, John C. Lowry, Herbert S. Welsh, Raymond Symestvzdt, Alexander Fleischer.

Rhode Island

Brown University—C. C. Bosland, Willard C. Beatty.

Rhode Island State College—Andrew J. Newman.

South Carolina

Furman University—A. G. Griffin.

South Dakota

A. I. Osborne.

Tennessee

E. P. Aldredge.
University of Chattanooga—C. W. Phelps.
Southwestern University—M. H. Townsend, Horace B. Davis.

University of the South—Eugene M. Kayden, William S. Knickenbacker, W. H. MacKellar, J. J. Davis, I. Q. Ware, George W. Nicholson, J. P. Jersey, C. B. Wilmer.

Texas

University of Texas—R. H. Montgomery, A. S. Lang.

A. and M. College—F. B. Clark, G. C. Vaughn, Thomas A. Hamilton.

Southern Methodist University—William F. Hanhart, Donald Scott, Frank K. Rader, Laurence H. Fleck.

Texas Technological College—John C. Granbery, Ormond C. Corry, Harold R. Nissley, B. F. Coldray, Jr.

Utah

Latter Day Saints' College—Feramorz Y. Fox.

Vermont

University of Vermont—George C. Groat, Claude L. Stineford, L. Douglas Meredith.

Virginia

William H. Stauffer.
College of William and Mary—Shirley D. Southworth, A. G. Taylor.

Randolph Macon—Langdon White.
Washington and Lee—Robert H. Tucker, E. E. Ferebee, M. C. Robaugh, M. Odges Phillips, R. G. Lausgobel, Dean G. D. Hancock.

University of Virginia—Wilson Gee, Charles N. Hulvey, G. R. Snavelly, Abraham Berglund, A. J. Barlow, E. A. Hinard, G. S. Starnes, William H. Wendel.

Washington

Arthur B. Young.
University of Washington—Theresa S. McMahon.

State College of Washington—Lawrence Clark.

West Virginia

University of West Virginia—E. H. Vickers, A. J. Dadisman.

Marshall College—C. E. Carpenter.

Wisconsin

Charles E. Brooks, Eldred M. Keayes, Alice E. Belcher, Ethel Wynn, R. Beckwith, J. Roy Blough, A. R. Schnaitter, Mary S. Peterson, William D. Thompson.

Lawrence College—R. H. Lounsbury, W. A. McConacha, M. M. Bober, M. M. Evans.

Beloit College—Lewis Severson, Lloyd U. Ballard, Dwight L. Palmer.

Marquette University—Lyle W. Cooper, William H. Ten Haken, Leo A. Schmidt, Oscar F. Brown, N. J. Hoffman, George W. Knick.

University of Wisconsin—Frederick A. Og, Edward A. Ross, William H. Klekhofer, Selig Perlman, Alma Bridgman, Elizabeth Brandeis, Arthur Hallahan, Philip G. Fox, H. Rowland English, J. C. Gibson, Stanley Rector, George S. Wehrwein, William A. Scott, Paul A. Rauschenbush, M. G. Glaeser, I. A. Hensey, Arnold Zempel, J. H. Miller, Russell H. Baugh, J. Marvin Peterson, Harold M. Groves, Alfred W. Briggs, Margaret Pryor.

RECESS TO 10:30 A. M. TOMORROW.

Mr. DOUGLAS. Madam President, in accordance with the order previously entered, I move that the Senate stand in recess until 10:30 o'clock a. m. tomorrow.

The motion was agreed to; and (at 7 o'clock and 38 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Wednesday, May 4, 1955, at 10:30 o'clock a. m.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued
For actions of

May 5, 1955
May 4, 1955
84th-1st, No. 73

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HIGHLIGHTS: House debated price support bill, agreeing to amendment making peanuts nonbasic. House committee reported bill for Federal cooperation in non-Federal reclamation projects. House subcommittee approved measure for USDA study of burley tobacco program. Senate passed trade agreements bill. Senate made Interior appropriation bill, which includes FS items, its pending business. Senate committee reported bills to give CEA subpoena power and protect purchasers of fungible goods from CCC claims.

HOUSE

1. PRICE SUPPORTS. Continued debate on H. R. 12, the price support bill (pp. 4699-725, A2986-7). By a teller vote of 186-150, agreed to an amendment by Rep. Green, Pa., to eliminate peanuts from the list of basic commodities and to repeal legislation for peanut allotments (pp. 4699-713).
2. RECLAMATION; LOANS. The Interior and Insular Affairs Committee reported without amendment H. R. 5881, to supplement the Federal reclamation laws by providing for Federal cooperation in non-Federal projects and for participation by non-Federal agencies in Federal projects (H. Rept. 481)(p. 4727).
3. SALT-WATER RESEARCH. The Rules Committee reported a resolution for consideration of H. R. 2126, to expand the Interior Department's salt-water research program (p. 4699).
4. TOBACCO. A subcommittee approved for reporting to the Agriculture Committee S. J. Res. 60, directing USDA to study and report on burley tobacco controls (p. D374).
5. COPPER IMPORTS. The Ways and Means Committee reported without amendment H. R. 5695, to continue through June 1958 the suspension of certain import taxes on copper (H. Rept. 485)(p. 4727).

6. REORGANIZATION. The Government Operations Committee reported without amendment S. 1763, to extend the time for liquidation of the Hoover Commission (H. Rept. 482)(p. 4727).
7. PURCHASING. The Government Operations Committee submitted a report, "Federal Catalog Program Report — Identification and Conversion" (H.Rept.483)(p.4727).
8. PROPERTY AND ADMINISTRATIVE SERVICES. Received from GSA a proposed bill "to amend the Federal Property and Administrative Services Act of 1949, as amended, and for other purposes"; to Government Operations Committee (p. 4727).
9. LEGISLATIVE PROGRAM. Majority Leader McCormack announced the legislative program as follows: Today (Thurs.), price-support and reserve-manpower bills; Fri. and Sat., not in session; Mon., conference report on postal pay bill, and statehood bill (p. 4725).

SENATE

10. TRADE AGREEMENTS. Passed, 75-13, with amendments H. R. 1, to extend to June 30, 1958 the authority of the President to enter into trade agreements (pp. 4732-4851). Sens. Byrd, George, Gore, Millikin, and Martin were appointed Senate conferees on this bill (pp. 4850-1).

During debate on this bill Sen. Langer stated that the Trade Agreements Act "has proved disastrous to the farmers of the Nation"; that his reasons for voting against extension of this Act are set forth in the hearings held before the Subcommittee on Antitrust and Monopoly, Senate Judiciary Committee, on importations of rye and barley; and inserted the transcript of these hearings (pp. 4826-50).

Sen. Malone discussed and inserted a GATT nations' "Decision to Grant a Waiver to the U. S. in Connection with Import Restrictions Imposed Under Section 22 of the U. S. Agricultural Adjustment Act of 1933, as Amended" (pp. 4747-8).
11. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL FOR 1956. This bill, H. R. 5085, was made the pending business (pp. 4851, 4853).
12. COMMODITY EXCHANGES; CCC CLAIMS. The Agriculture and Forestry Committee reported without amendment S. 1398, to authorize subpoenas under the Commodity Exchange Act (S. Rept. 268); and with amendment H. R. 1831, to amend the CCC Charter Act in order to protect innocent purchasers of fungible goods converted by warehousemen from claims of the CCC (S. Rept. 270) (p. 4730).
13. ANIMAL DISEASE. The Agriculture and Forestry Committee reported without amendment S. 1133, to provide for certain indemnity payments in Iowa on account of vesicular exanthema which could not be made because of a technicality (p. 4730).
14. COMMITTEES. The chairman, Agriculture and Forestry Committee, was authorized to appoint subcommittees to consider the following bills: S. 1286, Farm Credit Act of 1955; S. 1636, use of humane methods in slaughter of livestock and poultry in interstate or foreign commerce; and S. J. Res. 20, to preserve and strengthen the family-farm pattern of American agriculture (p. D372).
15. ROADS; TREATIES. Received resolutions urging enactment of legislation for the rapid completion of the Interstate System of Highways, and favoring the enactment of the Bricker amendment to limit the President's treaty-making power (p. 4729).

84TH CONGRESS
1ST SESSION

H. R. 1

IN THE SENATE OF THE UNITED STATES

MAY 4 (legislative day, MAY 2), 1955

Ordered to be printed with the amendments of the Senate numbered

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Trade Agreements Ex-
4 tension Act of 1955".

5 SEC. 2. The period during which the President is au-
6 thorized to enter into foreign trade agreements under sec-
7 tion 350 of the Tariff Act of 1930, as amended (19 U. S. C.,
8 sec. 1351), is hereby extended from June 12, 1955, until
9 the close of June 30, 1958.

1 SEC. 3. (a) Subsection (a) of section 350 of the Tariff
 2 Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is
 3 hereby amended to read as follows:

4 “(a) (1) For the purpose of expanding foreign markets
 5 for the products of the United States (as a means of assist-
 6 ing in establishing and maintaining a better relationship
 7 among various branches of American agriculture, industry,
 8 mining, and commerce) by regulating the admission of
 9 foreign goods into the United States in accordance with the
 10 characteristics and needs of various branches of American
 11 production so that foreign markets will be made available
 12 to those branches of American production which require and
 13 are capable of developing such outlets by affording corre-
 14 sponding market opportunities for foreign products in the
 15 United States, the President, whenever he finds as a fact
 16 that any existing duties or other important restrictions of the
 17 United States or any foreign country are unduly burdening
 18 and restricting the foreign trade of the United States and
 19 that the purpose above declared will be promoted by the
 20 means hereinafter specified, is authorized from time to time—

21 “(A) To enter into foreign trade agreements with
 22 foreign governments or instrumentalities thereof (1) con-
 23 taining provisions with respect to international trade,
 24 including provisions relating to tariffs, to most-favored-
 25 nation standards and other standards of nondiscrimina-

1 tory treatment affecting such trade, to quantitative im-
2 port and export restrictions, to customs formalities, and
3 to other matters relating to such trade designed to
4 promote the purpose of this section similar to any of
5 the foregoing: *Provided*, That no such provision
6 shall be given effect in the United States in a
7 manner inconsistent with existing legislation of the
8 United States: *Provided (2) further*, That the enactment
9 of the Trade Agreements Extension Act of 1955 shall
10 not be construed to determine or indicate the approval
11 or disapproval by the Congress of (3) organizational pro-
12 visions of any foreign trade agreement entered into under
13 this section the executive agreement known as the Gen-
14 eral Agreement on Tariffs and Trade.

15 “(B) To proclaim such modifications of existing
16 duties and other import restrictions, or such additional
17 import restrictions, or such continuance, and for such
18 minimum periods, of existing customs or excise treat-
19 ment of any article covered by foreign trade agreements,
20 as are required or appropriate to carry out any foreign
21 trade agreement that the President has entered into
22 hereunder.

23 “(2) No proclamation pursuant to paragraph (1)
24 (B) of this subsection shall be made—

1 “(A) Increasing by more than 50 per centum any
2 rate of duty existing on January 1, 1945.

3 “(B) Transferring any article between the dutiable
4 and free lists.

5 “(C) In order to carry out a foreign trade agree-
6 ment entered into by the President before June 12,
7 1955, ~~(4)~~ *or with respect to which notice of intention to*
8 *negotiate was published in the Federal Register on No-*
9 *vember 16, 1954,* decreasing by more than 50 per
10 centum any rate of duty existing on January 1, 1945.

11 “(D) In order to carry out a foreign trade agree-
12 ment entered into by the President on or after June
13 12, 1955, decreasing (except as provided in subpara-
14 graph ~~(5)~~ ~~(E)~~ (C) of this paragraph) and rate of duty
15 below the lowest of the following rates:

16 “(i) The rate 15 per centum below the rate
17 existing on ~~(6)~~ *July January 1, 1955.*

18 ~~(7)~~“(ii) In the case of any article which the
19 President determines, at the time the foreign trade
20 agreement is entered into, is normally not
21 imported into the United States or is normally
22 imported into the United States in negligible quan-
23 tities, the rate 50 per centum below the rate existing
24 on January 1, 1945. This clause shall not apply
25 with respect to any article unless it is identified in

the list required by section 3 (a) of the Trade
Agreements Extension Act of 1951, as amended
(19 U. S. C., sec. 1360 (a)), for possible consider-
ation as an article which is normally not imported
into the United States or is normally imported into
the United States in negligible quantities.

“(8)(iii) (ii) In the case of any article subject
to an ad valorem rate of duty above 50 per centum
(or a combination of ad valorem rates aggregating
more than 50 per centum), the rate 50 per centum
ad valorem (or a combination of ad valorem rates
aggregating 50 per centum). In the case of any
article subject to a specific rate of duty (or a com-
bination of rates including a specific rate) the ad
valorem equivalent of which has been determined
by the President to have been above 50 per centum
during a period determined by the President to be a
representative period, the rate 50 per centum ad
valorem or the rate (or a combination of rates),
however stated, the ad valorem equivalent of which
the President determines would have been 50 per
centum during such period. The standards of valua-
tion contained in section 402 of this Act (as in
effect during the representative period) shall be
utilized by the President, to the maximum extent

1 he finds such utilization practicable, in making the
2 determinations under the preceding sentence.

3 ~~(9)~~~~“(E)~~ In order to carry out a foreign trade agree-
4 ment entered into by the President on or after June
5 12, 1955, to which the Government of Japan is a party
6 and with respect to which notice of intention to nego-
7 tiate was published on November 16, 1954 (19 F. R.
8 7379), if the President determines that such decrease
9 is necessary in order to provide expanding export mar-
10 kets for products of Japan (including such markets in
11 third countries), decreasing by more than 50 per centum
12 any rate of duty existing on January 1, 1945.

13 “(3) (A) Subject to the provisions of subparagraphs
14 (B) and (C) of this paragraph, the provisions of any proc-
15 lamation made under paragraph (1) (B) of this subsection,
16 and the provisions of any proclamation of suspension under
17 paragraph ~~(10)~~~~(5)~~ (4) of this subsection, shall be in effect
18 from and after such time as is specified in the proclamation.

19 “(B) In the case of any decrease in duty to which
20 paragraph (2) (D) of this subsection applies—

21 “(i) if the total amount of the decrease under the
22 foreign trade agreement does not exceed 15 per centum
23 of the rate existing on ~~(11)~~~~July~~ January 1, 1955, the
24 amount of decrease becoming initially effective at one

time shall not exceed 5 per centum of the rate existing
on ~~(12)~~^{July} *January* 1, 1955;

“(ii) except as provided in clause (i), not more
than one-third of the total amount of the decrease under
the foreign trade agreement shall become initially effective
at one time; and

“(iii) no part of the decrease after the first part
shall become initially effective until the immediately
previous part shall have been in effect for a period or
periods aggregating not less than one year.

“(C) No part of any decrease in duty to which the
alternative specified in paragraph (2) (D) (i) of this sub-
section applies shall become initially effective after the expi-
ration of the three-year period which begins on July 1, 1955.

If any part of such decrease has become effective, then for
purposes of this subparagraph any time thereafter during
which such part of the decrease is not in effect by reason
of legislation of the United States or action thereunder shall
be excluded in determining when the three-year period
expires.

~~(13)~~“(D) If the President determines that such action will
simplify the computation of the amount of duty imposed
with respect to an article, he may exceed any limitation
specified in paragraph ~~(2)~~ ~~(D)~~ or ~~(E)~~ of this subsection

1 or subparagraph ~~(B)~~ of this paragraph by not more than
 2 whichever of the following is lesser:

3 “~~(i)~~ The difference between the limitation and the
 4 next lower whole number, or

5 “~~(ii)~~ One-half of 1 per centum ad valorem.

6 In the case of a specific rate ~~(or of a combination of rates~~
 7 ~~which includes a specific rate)~~, the one-half of 1 per
 8 centum specified in clause ~~(ii)~~ of the preceding sentence
 9 shall be determined in the same manner as the ad valorem
 10 effect of rates not stated wholly in ad valorem terms is
 11 determined for the purposes of paragraph ~~(2)~~ ~~(D)~~ ~~(iii)~~
 12 of this subsection.

13 ~~(14)~~“~~(4)~~ In exercising his authority under this section, the
 14 President shall avoid, to the maximum extent he deems
 15 practicable and consistent with the purpose of this section,
 16 the subdivision of classification categories.

17 “~~(15)~~~~(5)~~ ~~(4)~~ Subject to the provisions of section 5 of the
 18 Trade Agreements Extension Act of 1951 (19 U. S. C., sec.
 19 1362), duties and other import restrictions proclaimed pur-
 20 suant to this section shall apply to articles the growth, prod-
 21 uce, or manufacture of all foreign countries, whether im-
 22 ported directly or indirectly: *Provided*, That the President
 23 shall, as soon as practicable, suspend the application to
 24 articles the growth, produce, or manufacture of any country
 25 because of its discriminatory treatment of American com-

merce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purpose of this section.

“(16)~~(6)~~ (5) The President may at any time terminate, in whole or in part, any proclamation made pursuant to this section.”

(b) The last sentence of section 350 (b) of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (b)), is hereby amended to read as follows: “No rate of duty on products of Cuba shall be decreased—

“(1) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, by more than 50 per centum of the rate of duty existing on January 1, 1945, with respect to products of Cuba.

“(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) ~~(17)~~~~(D)~~ or ~~(E)~~ (C) or (D) (subject to the provisions of subsection (a) (3) ~~(18)~~~~(B)~~, ~~(C)~~, and ~~(D)~~ (B) and (C)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) ~~(19)~~~~(iii)~~ (ii) may be exceeded to such

1 extent as may be required to maintain an absolute margin
2 of preference to which such products are entitled.”

3 (c) Subsection (c) of section 350 of the Tariff Act
4 of 1930, as amended (19 U. S. C., sec. 1351 (c)), is
5 hereby amended by inserting “(1)” after “(c)”, by striking
6 out “(1)” and inserting in lieu thereof “(A)”, by striking
7 out “(2)” and inserting in lieu thereof “(B)”, and by
8 adding at the end thereof the following new paragraph:

9 “(2) For purposes of this section—

10 “(A) Except as provided in subsection (d)
11 ~~(20)~~and subparagraph ~~(C)~~ of this paragraph, the
12 terms ‘existing on January 1, 1945’ and ‘existing on
13 ~~(21)~~~~July~~ *January* 1, 1955’ refer to rates of duty
14 (however established, and even though temporarily
15 suspended by Act of Congress or otherwise) existing
16 on the date specified, except rates in effect by reason
17 of action taken pursuant to section 5 of the Trade
18 Agreements Extension Act of 1951 (19 U. S. C.,
19 sec. 1362).

20 “(B) The term ‘existing’ without the specifica-
21 tion of any date, when used with respect to any
22 matter relating to the conclusion of, or proclamation
23 to carry out, a foreign trade agreement, means
24 existing on the day on which that trade agreement
25 is entered ~~(22)~~~~into.~~ *into.*”

(23)“(C) In applying paragraphs (2) (D) (i) and (3) (B) (i) of subsection (a), the rate of duty on an article included in a foreign trade agreement with respect to which notice of intention to negotiate was published on November 16, 1954 (19 F. R. 7379), if such agreement is entered into before July 1, 1955, shall be considered to be the rate ‘existing on July 1, 1955’.”

(d) Section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), is hereby amended by adding at the end thereof the following new subsection:

“(e) (24)(1) The President shall submit to the Congress an annual report on the operation of the trade agreements program, including information regarding new negotiations, modifications made in duties and import restrictions of the United States, reciprocal concessions obtained, modifications of existing trade agreements in order to effectuate more fully the purposes of the trade agreements legislation (including the incorporation therein of escape clauses), and other information relating to that program and to the agreements entered into (25)thereunder.” thereunder.

(26)“(2) The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter

1 entered into by the President under the authority of this
2 section. The Tariff Commission, at least once a year, shall
3 submit to the Congress a factual report on the operation of the
4 trade-agreements program.”

5 SEC. 4. Subsection (b) of section 6 of the Trade Agree-
6 ments Extension Act of 1951, as amended (19 U. S. C.,
7 sec. 1363 (b)), is hereby amended by striking out the
8 second sentence thereof.

9 ~~(27)~~SEC. 5. The last sentence of subsection (a) of section 7
10 of the Trade Agreements Extension Act of 1951, as amended
11 (19 U. S. C., sec. 1364 (a)), is amended to read as follows:
12 “The Tariff Commission shall immediately make public its
13 findings and recommendations to the President, including any
14 dissenting or separate findings and recommendations, and shall
15 cause a summary thereof to be published in the Federal
16 Register.”.

17 ~~(28)~~SEC. 6. (a) Subsection (b) of section 7 of the Trade
18 Agreements Extension Act of 1951, as amended (19 U. S. C.,
19 sec. 1364 (b)), is amended by adding at the end thereof the
20 following: “Increased imports, either actual or relative, shall
21 be considered as the cause or threat of serious injury to the
22 domestic industry producing like or directly competitive
23 products when the Commission finds that such increased
24 imports have contributed materially to the serious injury or
25 the threat of serious injury to such industry.”.

1 (b) *Section 7 of the Trade Agreements Extension Act*
2 *of 1951, as amended (19 U. S. C., sec. 1364), is amended*
3 *by adding at the end thereof the following new subsection:*

4 “(e) *As used in this Act, the terms ‘domestic industry*
5 *producing like or directly competitive products’ and ‘domestic*
6 *industry producing like or directly competitive articles’ mean*
7 *that portion or subdivision of the producing organizations*
8 *manufacturing, assembling, processing, extracting, growing,*
9 *or otherwise producing like or directly competitive products*
10 *or articles or raw materials or other components of such*
11 *products or articles, respectively; and evidence of serious*
12 *injury or threat of serious injury to any readily determinable*
13 *segment of such producing organizations shall, for the pur-*
14 *poses of this Act, be considered evidence of serious injury or*
15 *threat of serious injury to the domestic industry producing*
16 *like or directly competitive products or articles. Where a*
17 *particular business enterprise is engaged in operations in-*
18 *volving more than one industry, or more than one readily*
19 *determinable segment of a single industry, the Commission*
20 *shall, so far as practicable, distinguish or separate the respec-*
21 *tive operations of such business enterprise for the purpose of*
22 *determining injury.”.*

23 **(29)**SEC. 7. *Section 2 of the Act entitled “An Act to extend*
24 *the authority of the President to enter into trade agreements*
25 *under section 350 of the Tariff Act of 1930, as amended”,*

1 approved July 1, 1954 (19 U. S. C., sec. 1352a), is hereby
2 amended by inserting “(a)” after “SEC. 2.” and by adding
3 at the end thereof a new subsection as follows:

4 “(b) In order to further the policy and purpose of this
5 section, whenever the Director of the Office of Defense Mobili-
6 zation has reason to believe that any article is being imported
7 into the United States in such quantities as to threaten to
8 impair the national security, he shall so advise the President,
9 and if the President agrees that there is reason for such belief,
10 the President shall cause an immediate investigation to be
11 made to determine the facts. If, on the basis of such investi-
12 gation, and the report to him of the findings and recommenda-
13 tions made in connection therewith, the President finds the
14 existence of such facts, he shall take such action as he deems
15 necessary to adjust the imports of such article to a level that
16 will not threaten to impair the national security.”.

Passed the House of Representatives February 18, 1955.

Attest: RALPH R. ROBERTS,
Clerk.

Passed the Senate with amendments May 4 (legislative
day, May 2), 1955.

Attest: FELTON M. JOHNSTON,
Secretary.

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 4 (legislative day, MAY 2), 1955

Ordered to be printed with the amendments of the
Senate numbered

The statement presented by Mr. Ives is as follows:

STATEMENT OF SENATOR IVES

For many years, the Federal Government has operated an immigration center on Ellis Island in the harbor of New York City for the reception, care, custody, and processing of persons immigrating into the United States. Recently the Federal Government abandoned the use of Ellis Island for these purposes, and we are advised that the properties and facilities are no longer being operated or maintained by the Federal Government and will inevitably become obsolete and valueless for any purpose.

The New York State Legislature, by a concurrent resolution of the senate and assembly, has memorialized the Congress of the United States to cede and grant to the State of New York and/or the city of New York jurisdiction over and the title to all of the lands, properties, and facilities located at Ellis Island to be used as a clinic for chronic alcoholics. The New York State Legislature believes that Ellis Island is ideally suitable for and can be readily converted into a well-equipped clinic which could be operated and maintained by either the State of New York or jointly by both the State and the city of New York.

This bill, if enacted, would permit the establishment of a much-needed facility which could do much to alleviate the serious problem of alcoholism. Therefore, we urge its favorable consideration.

REPEAL OF MANUFACTURERS' EXCISE TAX ON MOTORCYCLES

Mr. WILEY. Mr. President, on behalf of myself, the junior Senator from Nebraska [Mr. CURTIS], the Senator from Louisiana [Mr. LONG], and the senior Senator from Nebraska [Mr. HRUSKA], I introduce, for appropriate reference, a bill to repeal the manufacturers' excise tax on motorcycles. I ask unanimous consent that an explanatory statement, prepared by me, relating to the bill, be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the explanatory statement will be printed in the RECORD.

The bill (S. 1896) to repeal the manufacturers' excise tax on motorcycles, introduced by Mr. WILEY (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Finance.

The explanatory statement presented by Mr. WILEY is as follows:

EXPLANATORY STATEMENT BY SENATOR WILEY

The motorcycle industry in this country is a sick industry. In the 8 years, 1947-54, the industry as a whole showed profits before taxes in only 2 years, 1947 and 1948. In 1954 the entire industry operated at a loss.

If the commonly accepted business test of profits of sales is applied to this industry, the results are appalling: In 1951 it was 1.8 percent; in 1952 it was minus 0.2 percent; in 1953 an insignificant fraction of 1 percent; in 1954 it was minus 2.7 percent. (In industry generally the average profit to sales is around 10 to 12 percent before income taxes.)

In recent years the excise tax on motorcycles and motorcycle accessories and parts has ceased to be a revenue measure and has become a capital levy:

In 1951, when the industrywide profits before income taxes were \$318,451, the 3 companies, nevertheless, paid \$1,036,744 in excise taxes.

In 1953, when the "profit" before income taxes was \$5,027, the industry, nevertheless, was required to pay \$1,147,816 in excise taxes.

In 1949, 1952, and 1954 the industry paid a total of \$3,326,057 in excise taxes—in the very years when it was operating at a loss.

And in 1954, at a time when every manufacturer operated at a loss, the industry was obliged to pay \$1,018,784 in excise taxes.

The dilemma which confronts the motorcycle industry is this: (a) Domestic sales have been shrinking steadily (a 61 percent decline since 1947) but (b) foreign competition is finding the domestic market increasingly attractive—for instance: in 1954 foreign imports were 18,276 units (an increase of 81 percent in 5 years. Compare this figure with 1954 United States production of 23,525 units. Note that foreign imports were only 5,249 units short of the total domestic production).

The domestic industry faces 2 handicaps on foreign imports: (a) There is a built-in favorable price differential of between 25 and 30 percent on foreign motorcycles which the domestic industry cannot overcome because of the lower foreign wage rates; and (b) the excise tax plays directly into the hands of the foreign competition by swelling the domestic retail price to the further sales detriment of the American product.

Elimination of the excise tax would better enable the motorcycle industry to withstand foreign competition. The insignificant loss in excise revenues to the Treasury would be recouped by the larger corporate taxes by the motorcycle industry restored to economic health.

IMPROVEMENT OF AMITE RIVER, LA.

Mr. LONG. Mr. President, I introduce, for appropriate reference, a bill to authorize the improvement of the Amite River and its tributaries. I ask unanimous consent that a statement, prepared by me, pertaining to the bill, be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 1899) to authorize the improvement of the Amite River and its tributaries, introduced by Mr. LONG, was received, read twice by its title, and referred to the Committee on Public Works.

The statement presented by Mr. LONG is as follows:

STATEMENT BY SENATOR LONG

For some time it has been apparent that the tremendous industrial development in the vicinity of Baton Rouge, La., had overtaxed the facilities of the area and subjected the residents to the danger of flood damage any time rains of an unusually heavy nature were experienced. In an attempt to determine whether or not a Federal project was economically justified to remedy this condition, the Corps of Engineers was authorized to look into the matter and began a study as far back as 1951. Since that time, with funds authorized by the Congress, public hearings have been held and a detailed survey initiated. That survey is scheduled for completion and submission to the Chief of Engineers through proper channels by the end of May.

Only recently, severe property damage in the Baton Rouge area was averted by the absence of local rains following heavy rains in the drainage area above. This latest threat has demonstrated the complete inability of the Amite River and its tributaries,

the Comite River and Bayou Manchac, to handle the flood control and drainage problem of this section of Louisiana without improvement designed to increase their capacity and their ability to carry out flood waters at a more rapid rate.

Due to the limited time schedule that will be available following the further handling of this report by the Chief of Engineers and feeling confident that the report that will be issued by the Chief of Engineers will be a favorable one, I am introducing a bill at this time to provide for the improvement of the Amite River and its tributaries as a means of providing needed protection to the residents of Louisiana in the general vicinity of Baton Rouge.

There is no doubt in my mind that this project will be amply justified economically. Brig. Gen. John R. Hardin has advised me that the report will leave the New Orleans district office by the end of this month and that he would handle it with top priority. If it is at all possible, we would like to have the project authorized at this session and hasten the day when the people from this section of Louisiana will be free from this constant flood menace.

EXTENSION OF PROGRAM FOR PRODUCTION OF CERTAIN DOMESTIC MINERALS — ADDITIONAL COSPONSORS OF BILL

Mr. GOLDWATER. Mr. President, on February 4, 1955, on behalf of myself, my colleague, the senior Senator from Arizona [Mr. HAYDEN], and the Senators from Montana [Mr. MURRAY and Mr. MANSFIELD], I introduced the bill (S. 922) to amend the Domestic Minerals Program Extension Act of 1953 in order to further extend the program to encourage the discovery, development, and production of certain domestic minerals. I ask unanimous consent that the names of the senior Senator from Nevada [Mr. MALONE], the Senator from North Carolina [Mr. SCOTT], and the junior Senator from Nevada [Mr. BIBLE], be added as cosponsors the bill, the next time it is printed.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. BYRD:

Address delivered by him before annual meeting of the United States Chamber of Commerce, Washington, D. C., May 4, 1955.

By Mr. WILEY:

Loyalty Day address delivered by him at the Veterans of Foreign Wars Loyalty Day program in Oskosh, Wis., on Saturday, April 30, 1955.

By Mr. THYE:

Address on the subject Social Responsibilities of the Business Man, delivered by Harry A. Bullis, chairman of the board of General Mills, Inc., at the 43d annual meeting of the Chamber of Commerce of the United States, in Washington, D. C.

Editorial entitled "Supplying Salk's Vaccine," published in the Washington Evening Star of May 3, 1955.

By Mr. GOLDWATER:

Address delivered by F. G. Gurley, president of the Santa Fe System Lines, before the annual meeting of the Chamber of Commerce of the United States, at Washington, D. C., on May 3, 1955.

Article entitled "Airpower," written by Maj. Alexander P. DeSeversky.

MENTAL HEALTH WEEK

Mr. BUSH. Mr. President, this week is Mental Health Week, which is being observed in more than 10,000 communities throughout the United States, Hawaii, Puerto Rico, Alaska, and the Philippines.

Connecticut was a pioneer in the fight against mental illness. Forty-seven years ago this week the first citizens' group in the world to aid in the cure of mental illness and to educate people on the importance of humanitarian treatment of the mentally ill was organized in my State.

As a United States Senator and as a director of the Connecticut Association for Mental Health, I urge the full support of Connecticut citizens and of citizens all over the United States in the fund-raising campaign being launched this week.

OPENING OF MILWAUKEE CEREBRAL PALSY CLINIC

Mr. WILEY. Mr. President, on Sunday, May 8, there will occur an important event in the life of the Milwaukee community.

At that time will occur the formal dedication and cornerstone laying of a new \$350,000 cerebral palsy clinic built by the Milwaukee County Kiwanis Foundation.

I congratulate the men of Kiwanis, the contributors to this fund, the doctors, civic leaders, business, labor, religious, and other groups who have helped so significantly in so many ways this outstanding effort.

The cerebral palsy clinic is one more in a golden link of humanitarian efforts spread across this Nation by the famous organization, United Cerebral Palsy.

I ask unanimous consent that the text of a statement which I have prepared on this subject be printed at this point in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

No one who has ever seen a youngster (or for that matter, an adult) suffering from cerebral palsy, needs to be told of the importance of the remedial job being done by UCP in research, education, legislation, consultation and many other fields.

Fortunately, more and more progress is being made against cerebral palsy.

CONVENTION LAST NOVEMBER IN WASHINGTON

Last November, the fifth annual convention of UCP was held here in our Nation's Capital. It marked a significant milestone in the growth of this fine organization—UCP.

The convention heard addresses from outstanding medical leaders on various problems involved in prevention, diagnosis, treatment, and rehabilitation. It heard from grassroot leaders of UCP; from Karl K. Van Meter, UCP executive director; from Gilden

L. Brooks, M. D.; UCP medical directors and from others.

It is often said that an institution is "but the lengthened shadow of one man." This is particularly true in his instance, for UCP is the lengthened shadow of its devoted president, Founder Leonard Goldenson, president of the American Broadcasting-United Paramount Theaters Co. He, with Mrs. Goldenson, received a well-deserved award for years and years of selfless efforts for the cerebral palsied. Although Mr. Goldenson has now tendered over his seal of the presidency of UCP, his heart and efforts remain with it.

As regards other phases of the fifth convention, it was addressed among others, by our distinguished colleague, the senior Senator from Minnesota, Mr. TAYE, who, I am glad to say, subsequently reprinted his comments in the CONGRESSIONAL RECORD.

Entertainment was provided by Mrs. Jane Pickens Langley, UCP secretary and chairman of its entertainment committee who has worked so effectively, particularly on UCP's famous telethons.

An inspiring story of progress and a challenging report of tasks still ahead was related at the convention. Perhaps symbolic of achievements to date was the presentation of a 16 x 20 inch oil portrait of Mr. Goldenson painted by Mr. James D. Ensign of Oakland, Calif. Since Mr. Ensign has, however, been a cerebral palsy victim for 25 years and can move only the lower portion of his body, he achieved the almost unbelievable end product by simply using the toes of his left foot. This is the same Mr. Ensign who, in 1952, painted a faithful portrait of President Eisenhower which now hangs in the White House.

This amazing demonstration of man's conquest of a handicap represents the sort of spirit which has guided UCP so well that within the time period of but these few years, it has become an indispensable aid in the conquest of this affliction.

I am proud that Wisconsin, which has done fine work for UCP, will now be in a position to be a further pace-setter in treatment, thanks to the Milwaukee County Kiwanis Foundation. The new clinic, incidentally, is supported by Easter seal society.

I wish God-speed to the foundation and to UCP throughout the land. Countless parents and young folks throughout the Nation are indebted to it for giving to them hope in the future, hope for a brighter tomorrow.

THE PRAYER OF PARENTS

Many a grateful parent whose children fortunately are completely well, may say, "There but for the grace of God goes my child."

And the determined parents of handicapped children say, "There with the grace of God goes my palsied child, but he or she is going to be given every possible chance."

Fortunately, the fogs are lifting—the fog of ignorance, the fog of misunderstanding of this problem, the fog that leads some people mistakenly to underestimate the normal and in a great many instances, above-normal intelligences and abilities of palsied youngsters and adults.

So, here is wishing this UCP effort continued success in Milwaukee, in the District of Columbia (scene of a fine local chapter), and everywhere else.

EXTENSION OF TRADE AGREEMENTS ACT

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business, which is H. R. 1.

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the

Tariff Act of 1930, as amended, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes on the bill to the junior Senator from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. President, I intend to support H. R. 1. I am convinced that the Trade Agreements Act has assisted our general economy, has built up markets all over the world for American products and has given much employment to our workers. Its value to our farming community is of great concern. I feel that the existence of this increased foreign trade has prevented a disastrous economic slump, with all its ramifications.

I am not asking that destructive amendments be placed into the act, and I wish to see an effective and a strong reciprocal trade bill passed by the Senate. In most phases, I feel the committee has done an outstanding job in attempting to harmonize the real difficulties that apply in any such trade bill, dealing with the business of a nation whose production problems are so widespread and so diversified as are those of the United States today.

In considering foreign trade, I feel we all recognize that quality as well as quantity is important. The products of American factories are recognized by all Americans for their quality, their design, their nationally known trade names, and their general acceptability not only to the trade in the United States, but in the world as well.

Under the Reciprocal Trade Act, many high tariffs have been scaled down to permit competition from foreign goods. But in most of these cases in which we concern ourselves the choice of the product, and its various qualities of trade acceptability insure a good deal of preference for the American product. If this were not true, then American products would not be commanding a premium scale in nearly every country of the world.

However, in the production of raw materials such as oil and lead and zinc, this preference for an American product does not exist either at home or abroad. A barrel of oil or a ton of zinc concentrates is the same the world over. There is no chance that because the product is of American origin, it will enjoy a preference for customers. This is not generally true in regard to manufactured products, and hence the exact comparison exists only as to the delivered price in this country.

It appears to me that one of the chief difficulties in regard to widespread disagreement on the bill relates primarily to raw materials. Our production of agricultural commodities must be protected here at home, and consequently strong powers are maintained to avoid flooding the American market with basic farm products.

This is necessary, since in order to support and maintain a reasonable price for farm products, these basic crops are under acreage allotments which reduce by 20 to 30 percent the number of acres a farmer may plant. It would be suicidal to open the doors to the world for the unlimited importation of these farm

commodities when we have restricted production at home and still have ever-growing surpluses. Our strength in national defense depends on a healthy, sound agricultural economy.

The same rule applies in large part to the production of mineral resources. While we feel that imports up to a certain degree can be helpful in maintaining auxiliary supplies, certainly the unlimited importation of these raw materials would eventually weaken our defense capacity at home.

I am glad that the committee included in its amendments a provision giving the President the right, after investigation, to use quotas for such importations when he finds that such imports threaten to impair the national security.

This amendment is to subsection (b), section 7, and reads as follows:

In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts.

If on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.

I feel that in reporting this amendment, the committee itself recognizes the validity of the case made by those of us who testified regarding the danger of excessive imports of petroleum, lead, zinc and other minerals. I wish I could feel that it is strong enough to protect the vital industries so indispensable for our national security and welfare.

It seems to me that while this amendment starts in the right direction, it falls short of giving such industries the assurance they need if they are to plan ahead, and develop production that will be vital to our actual defense needs in the event of all out war.

In the case of petroleum, the proration that exists in almost all the oil-producing States is clear proof that the oil industry has carried out its obligation to develop reserves far beyond our current peacetime needs. In my own State, our production capacity has increased greatly while our allowable production under State proration has steadily decreased. The same is true of almost all of the other 25 oil-producing States.

Thus, as our capacity to produce has been ever on the increase with the additional discovery of known and proven reserves, the allowable takings from oil wells has been decreased.

Last year Oklahoma's production, in spite of advancing productive capacity, was cut back by 16 million barrels from 1953. Our production of 186,349,000 barrels was the lowest since 1950. This was during a period when foreign imports of crude oil increased from 177,714,000 barrels to 239,479,000 bar-

rels—a gain of 60 million barrels over that period.

I have just had word from the State regulatory authority in Oklahoma that production will be cut back again in the month of May by 20 percent from the production for April. This is indeed a serious blow to our entire oil production industry. State conservation regulation is necessary to prevent wastage of oil by the production of more than the pipelines and refineries in the midcontinent area can absorb. Storage above ground is not available, and it is wasteful to allow the wells to run more oil than the facilities in our area can absorb. The general maximum allowed for our wells is now down to 25 barrels by the present order.

I have also just had word that the State of Texas regulatory authorities were also forced to cut the oil production in that State. The cut will be 214,195 barrels a day.

Bear in mind that these reductions are ordered by the State regulatory bodies, and only because there is no market available for the oil supply that is shut in.

The estimates of the maximum efficient rate of production sustainable has been increasing in the United States year after year. This is the rate at which the industry could best produce and recover the maximum amount of our oil reserves.

This has grown from 7,300,000 barrels a day daily average in 1951 to 9,220,000 barrels in 1955. For the year 1956 it is estimated to be 9,720,000 barrels a day. Taking into consideration the natural depletion of existing wells, it shows that our capacity to produce at a sound rate is still on the increase.

The grave danger lies, however, in the fact that because of foreign oil imports this production must be cut back drastically. While in 1954 we had the productive capacity to produce economically 8,945,000 barrels of crude oil and natural gas liquids a day, we were allowed to produce only 7,027,000 barrels because that was all the market could absorb along with that brought in from abroad. Thus the production of 1,918,000 barrels a day was lost. This represented a shut-in of a total of 21.4 percent of our production.

These drastic cutbacks in production of available supply strike at every phase of life in the oil-producing States. They hit employment first as this depression in the oil production industry curtails drilling activities. Now more than 115 drilling rigs are stacked in Oklahoma. Each of these has a normal payroll of \$800 a day. Not only is unemployment running at its highest point in recent years in the drilling industry, but the vital and valuable know-how of oil production is being lost as these trained and experienced crews drift off to work in other fields or in other businesses. The normal payroll for Oklahoma oil workers runs to nearly \$242 million a year.

Oil pays a substantial share of State taxes in all of the oil-producing States. In Oklahoma the total is approximately \$30 million—10 percent of our budget. It supports our schools and our small communities with the tax revenue. Our loss in State revenue this year will ex-

ceed \$6 million because of curtailed production against the income we received in taxes last year.

Oklahoma will lose \$40 million in gross income from oil that has been cutback this year and this loss will affect every branch of our business life. The same is true of almost all the other oil-producing States.

All this is happening while the foreign imports continue to climb year after year—as I have said, a total of more than 60 million barrels from 1950 to 1954. Last year the total annual imports again gained 3 million barrels.

Our objection to the bill is not in the lowering of tariffs—the usual problem in foreign trade. It goes to the allocation of the share of the American market that we can safely permit to be absorbed by imported oil. It would seem to me that the Neely amendment, which seeks to limit imports to a ratio of 10 percent of the domestic demand, offers the best assurance that we can accept foreign oil within safe limits to our own indispensable oil supply at home.

While tariff adjustments upward on lead, zinc, and other minerals might be helpful, they will not assist the United States in solving its problem on oil imports. Because of the vast difference in the high production costs at home and in the rich fields of the Middle East, a tariff would be useless.

Already oil has borne the brunt of tariff adjustments until today, for all practical purposes, it is virtually untaxed, so far as duty is concerned.

But it would be futile to apply tariff relief to the oil problem. The sharing of the market on a definite predetermined basis offers the best opportunity and in this way no increased tariffs are involved.

The proposal would not limit the importation of crude oil to a fixed amount, but the foreign producers would continue to share in increasing degree as the domestic market increased its demands.

But if the American production is to be continued to increase, if our search for oil on our own lands is to continue, something must be done to eliminate the disaster of unregulated and unpredictable imports. No industry can plan ahead in its production, in its search for oil, in its investment, if anytime their investment can be swept away because the ratio of imports is doubled or tripled. The Neely amendment would give us firm assurance that this could not happen.

Under the committee proposal the sole power to impose quotas rests in the hands of the President. What assurance have the producers throughout the 25 oil-producing States that the President will act under this provision, even though the importation of oil is drastically increased?

The members of the committee recognize the danger of this happening, but have stopped far short of giving the industry a chance to feel it has assurance of the 90-10 percent ratio sharing of the American market. Historically, this represents a not-too-great cutback in the imports, but its effect on the health of a vital, growing and expanding domestic

oil-production industry would be tremendous.

The committee in including in its report the report of the President's Advisory Committee on Energy Supplies and Resources Policy gives approval to the fact that oil imports at least should not exceed their current level.

Mr. President, I ask unanimous consent to have printed at this point in my remarks the portion of the President's Advisory Committee report dealing with this subject.

There being no objection, the portion of the report was ordered to be printed in the RECORD, as follows:

An expanding domestic oil industry, plus a healthy oil industry in friendly countries which help to supply the United States market, constitute basically important elements in the kind of industrial strength which contributes most to a strong national defense. Other energy industries, especially coal, must also maintain a level of operation which will make possible rapid expansion in output should that become necessary. In this complex picture both domestic production and imports have important parts to play; neither should be sacrificed to the other.

Since World War II importation of crude oil and residual fuel oil into the United States has increased substantially, with the result that today these oils supply a significant part of the United States market for fuels.

The committee believes that if the imports of crude and residual oils should exceed significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense. There would be an inadequate incentive for exploration and the discovery of new sources of supply.

In view of the foregoing, the committee concludes that in the interest of national defense imports should be kept in the balance recommended above. It is highly desirable that this be done by voluntary, individual action of those who are importing or those who become importers of crude or residual oil. The committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention.

The committee recommends, however, that if in the future the imports of crude oil and residual fuel oils exceed significantly the respective proportions that such imported oils bore to domestic production of crude oil in 1954, appropriate action should be taken.

The committee recommends further that the desirable proportional relationships between imports and domestic production be reviewed from time to time in the light of industrial expansion and changing economic and national-defense requirements.

In arriving at these conclusions and recommendations, the committee has taken into consideration the importance to the economies of friendly countries of their oil exports to the United States as well as the importance to the United States of the accessibility of foreign-oil supplies both in peace and war.

Mr. MONRONEY. Mr. President, we are concerned that, in case the President does not choose to act, the fantastic reserves of the seven major American companies in the Middle East could wreak havoc on the entire domestic oil-production industry.

The President had the power to act in increasing tariffs on lead and zinc. In fact, a unanimous report of the Tariff Commission recommended action under the hardship provisions of the act and suggested that moderate revisions be made in the duties on lead and zinc in order to relieve the hardship and the distressing unemployment in many communities because of the excessive imports.

This unanimous report of the Tariff Commission was turned down and a substitute of purchasing domestic production for stockpiling purposes was instituted. While this has helped to a very small degree, it is far short of the relief this mining industry needed to maintain its employment and production.

Thus, the independent petroleum industry is worried that the provision in the committee amendment will not be utilized in the discretion of the President, and that it may turn out to be only an empty gesture.

When we realize that the vast reserves owned by four American companies in the Middle East total 36 billion barrels—more than the presently known reserves of all the United States—we can realize the peril the independent producers find themselves faced with.

These sands are many, many times deeper and more productive than those usually found in the United States. Because of the great productive capacity of each well, few wells have to be drilled, because these oil companies deal only with the heads of the governments there—not with the hundreds or thousands of small landowners who, under the law, are entitled to have offset wells drilled in each field discovered.

Production costs are far lower and with the advent of bigger and bigger tankers this middle-eastern oil can be landed very cheaply at the eastern ports near our centers of large oil consumption. It would be expecting the impossible to assume that the giant oil companies which have these staggering reserves, and also have availability to cheap water transportation to the center of our market, would want to forego the profits to be made in their operation.

Even if they had such a desire, the antitrust laws would not permit them to combine for self-regulation. One large company increasing its shipments can force the others to match their imports. The pressures also exist from these middle-eastern countries to have ever-increasing amounts of oil exported in order to further strengthen their financial position.

In addition, there are far greater tax advantages accruing to the importing companies from this production. They have only to deal with the central foreign government, while the independents and even the major companies operating in the United States must pay all levies, Federal, State, county, and local taxes.

Finally, Mr. President, it would seem to me that the frequently heard and logical argument for more liberal trade policies, that America has nothing to fear from foreign competition, does not and cannot apply to the present oil situation.

We are not competing with the engineers, the geologists, the petroleum production men of Saudi Arabia or Iraq or Kuwait. We are in fact competing with ourselves.

We are competing with the best and the finest that the domestic oil industry has produced in the way of men, engineers, equipment, capital, and know-how. We are competing with all the great American success stories in finding and producing oil and in getting it to market at the cheapest possible cost.

Every one of these giant companies made its money in American oil, and owes its great success to the fields in this Nation. Now, by transplanting this efficiency and effectiveness into areas where nature has endowed the lands with oil-bearing sands hundreds of feet thick, the problem of America's survival as a major oil producing nation is threatened.

Certainly we should and must accept oil from abroad. But it would seem to me that a ratio must be established somewhere unless we are to see an ever-declining activity at home in this vital defense resource. The Neely Amendment offers a chance to hold this ratio of imports to 10 percent of domestic demand so that our search for undiscovered oil in America can continue to go forward.

In conclusion, let me make reference to one fallacy I have heard many Senators discuss. They say that if we import more and more oil we will save the oil reserves remaining in this Nation.

That theory, Mr. President, is gross oversimplification. Our resources in oil will increase only as they are used. The economic production of our domestic fields means more and more money for additional exploration and search for oil. To rely on heavier and heavier imports of oil would cause a drying up of new sources, and end of exploration and development of new fields.

Thus if imports continue to increase in an ever-increasing flood, we will be caught short at home for a reliable expandable and producible reserve supply for national defense. The more profitable our oil-producing industry is at home, the greater and greater will be the added reserves we discover and develop. There is proof positive that this is true, since despite the great demands made on the domestic petroleum industry to provide oil for World War II and the Korean war, our known reserves of supplies have been ever increasing.

Mr. President, I sincerely hope that the Senate will see fit to limit the oil imports in 10 percent of the domestic demand, and again place the oil industry here at home on such a basis that we may always have an available and accessible supply of oil for our uses whether in peace or in war.

Mr. JOHNSON of Texas. Mr. President, I should like to inquire whether the Senator from Nevada is prepared to call up his amendment.

MALONE AMENDMENT TO H. R. 1 IN THE NATURE OF A SUBSTITUTE—FAIR AND REASONABLE COMPETITION VERSUS FREE TRADE

Mr. MALONE. Mr. President, I call up my amendment in the nature of a

substitute for H. R. 1. I ask that my amendment be printed in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, the amendment will be printed in the RECORD at this point.

The amendment proposed by Mr. MALONE to the bill (H. R. 1) is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

"DECLARATION OF POLICY

"SECTION 1. It is declared to be the policy of the Congress—

"(a) to facilitate and encourage the importation into the United States of foreign goods and products in quantities sufficient to supply the needs of the United States economy;

"(b) to foster and provide for the export of the products of American industry and agriculture in quantities sufficient to pay for the needed imports.

"(c) to develop and promote a well-balanced, integrated, and diversified production within the United States so as to maintain a sound and prosperous national economy and a high level of wages and employment in industry and agriculture;

"(d) to provide necessary flexibility of import duties thereby making possible appropriate adjustments in response to changing economic conditions;

"(e) to assure the accomplishment of these objectives by returning to and maintaining hereafter in the United States the control over American import duties now subject to international agreements.

"RESTATEMENT OF EXISTING IMPORT DUTIES

"SEC. 2. Title I, paragraphs 1 to 1559, inclusive, of the Tariff Act of 1930 are hereby amended by repealing the classifications and rates therein contained and substituting therefor the classifications and rates obtaining and in effect on June 12, 1955, by reason of proclamations of the President under section 350 of the Tariff Act of 1930 or otherwise.

"ADMINISTRATION OF TRADE AGREEMENTS

"SEC. 3. Title III, part II, of the Tariff Act of 1930 is amended by adding after section 331 the following new section:

"SEC. 331A. Administration of trade agreements.

"(a) All powers vested in, delegated to, or otherwise properly exercisable by the President or any other officer or agency of the United States in respect to the foreign trade agreements entered into pursuant to section 350 of this act are hereby transferred to, and shall be exercisable by the Commission, including, but not limited to, the right to invoke the various escape clauses, reservations, and options therein contained, and to exercise on behalf of the United States any rights or privileges therein provided for the protection of the interests of the United States.

"(b) The Commission is hereby authorized and directed—

"(1) to terminate as of the next earliest date therein provided, and in accordance with the terms thereof, all the foreign trade agreements entered into by the United States pursuant to section 350 of this act;

"(2) to prescribe, upon termination of any foreign trade agreement, that the import duties established therein shall remain the same as existed prior to such termination, and such import duties shall not thereafter be increased or reduced except in accordance with this act."

"PERIODIC ADJUSTMENT OF IMPORT DUTIES

"SEC. 4. Title III, part II, section 336, of the Tariff Act of 1930 is hereby amended to read as follows:

"SEC. 336. Periodic adjustment of import duties.

"(a) The Commission is authorized and directed from time to time, and subject to the limitations hereinafter provided, to prescribe and establish import duties which will, within equitable limits, provide for fair and reasonable competition between domestic articles and like or similar foreign articles in the principal market or markets of the United States. A foreign article shall be considered as providing fair and reasonable competition to United States producers of a like or similar article if the Commission finds as a fact that the landed duty paid price of the foreign article in the principal market or markets in the United States is a fair price, including a reasonable profit to the importers, and is not substantially below the price, including a reasonable profit for the domestic producers, at which the like or similar domestic articles can be offered to consumers of the same class by the domestic industry in the principal market or markets in the United States.

"(b) In determining whether the landed duty paid price of a foreign article, including a fair profit for the importers, is, and may continue to be, a fair price under subdivision (a) of this section, the Commission shall take into consideration, insofar as it finds it practicable—

"(1) The lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition;

"(2) Any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments;

"(3) The policy of foreign countries designed substantially to increase exports to the United States by selling at unreasonably low and uneconomic prices to secure additional dollar credits;

"(4) Increases or decreases of domestic production and of imports on the basis of both unit volume of articles produced and articles imported, and the respective percentages of each;

"(5) The actual and potential future ratio of volume and value of imports to volume and value of production, respectively;

"(6) The probable extent and duration of changes in production costs and practices;

"(7) The degree to which normal cost relationships may be affected by grants, subsidies (effected through multiple rates of export exchange, or otherwise), excises, export taxes, or other taxes, or otherwise, in the country of origin; and any other factors either in the United States or in other countries which appear likely to affect production costs and competitive relationships.

"(c) Decreases or increases in import duties designed to provide for fair and reasonable competition between foreign and domestic articles may be made by the Commission either upon its own motion or upon application of any person or group showing adequate and proper interest in the import duties in question: *Provided, however,* That no change in any import duty shall be ordered by the Commission until after it shall have first conducted a full investigation and presented tentative proposals followed by a public hearing at which interested parties have an opportunity to be heard.

"(d) The Commission, in setting import duties so as to establish fair and reasonable competition as herein provided, may, in order to effectuate the purposes of this act, prescribe specific duties or ad valorem rates of duty upon the foreign value or export value as defined in sections 402 (c) and 402 (d) of this act or upon the United States value as defined in section 402 (e) of this act.

"(e) In order to carry out the purposes of this act, the Commission is authorized to transfer any article from the dutiable list to the free list, or from the free list to the dutiable list.

"(f) Any increase or decrease in import duties ordered by the Commission shall become effective 90 days after such order is announced: *Provided,* That any such order is first submitted to Congress by the Commission and is not disapproved, in whole or in part, by concurrent resolution of Congress within 60 days thereafter.

"(g) No order shall be announced by the Commission under this section which increases existing import duties on foreign articles if the Commission finds as a fact that the domestic industry operates, or the domestic article is produced, in a wasteful, inefficient, or extravagant manner.

"(h) The Commission, in the manner provided for in subdivisions (c) and (f) in this section, may impose quantitative limits on the importation of any foreign article, in such amounts, and for such periods, as it finds necessary in order to effectuate the purposes of this act: *Provided, however,* That no such quantitative limit shall be imposed contrary to the provisions of any foreign trade agreement in effect pursuant to section 350 of this act.

"(i) For the purpose of this section—

"(1) the term "domestic article" means an article wholly or in part the growth or product of the United States; and the term "foreign article" means an article wholly or in part the growth or product of a foreign country;

"(2) the term "United States" includes the several States and Territories and the District of Columbia;

"(3) the term "foreign country" means any empire, country, dominion, colony, or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions);

"(4) the term "landed duty paid price" means the price of any foreign article after payment of the applicable customs or import duties and other necessary charges, as represented by the acquisition cost to an importing consumer, dealer, retailer, or manufacturer, or the offering price to a consumer, dealer, retailer, or manufacturer, if imported by an agent.

"(j) The Commission is authorized to make all needful rules and regulations for carrying out its functions under the provisions of this section.

"(k) The Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary for the entry and declaration of foreign articles with respect to which a change in basis of value has been made under the provisions of subdivision (d) of this section, and for the form of invoice required at time of entry."

"AMENDMENT OF SECTION 337

"SEC. 5. Title III, part II, section 337, of the Tariff Act of 1930 is hereby amended as follows:

"(a) Subdivision (a) thereof by striking out the word 'President' and substituting therefor the words 'Tariff Commission.'

"(b) Subdivision (b) thereof is hereby repealed.

"(c) Subdivision (d) thereof is hereby repealed.

"(d) Subdivision (e) thereof is hereby amended to read as follows:

"(e) Exclusion of articles from entry: Whenever the existence of any such unfair method or act shall be established to the satisfaction of the Commission, it shall direct that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this act, shall be excluded from entry into the United States, and upon information of such action by the

Commission, the Secretary of the Treasury shall, through the proper officers, refuse such entry."

"(e) Subdivision (f) thereof is hereby amended to read as follows:

"(f) Entry under bond: Whenever the Commission has reason to believe that any article is offered or sought to be offered for entry into the United States in violation of this section, but has not information sufficient to satisfy it thereof, the Secretary of the Treasury shall, upon its request in writing, forbid entry thereof until such investigation as the Commission may deem necessary shall be completed; except that such articles shall be entitled to entry under bond prescribed by the Secretary of the Treasury."

"(f) Subdivision (g) thereof is hereby amended to read as follows:

"(g) Continuance of exclusion: Any refusal of entry under this section shall continue in effect until the Commission shall find and advise the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exist."

"STATISTICAL ENUMERATION

"SEC. 6. Title IV, part III, section 484 (e), of the Tariff Act of 1930 is hereby amended to read as follows:

"(e) Statistical enumeration: The Chairman of the Tariff Commission is authorized and directed to establish from time to time, after consultation with the Secretary of the Treasury and the Secretary of Commerce, a statistical enumeration of imported articles in such detail as he may consider necessary and desirable to effectuate the purposes of this act. As a part of each entry there shall be attached thereto or included therein an accurate statement giving details required for such statistical enumeration. The Secretary of Commerce is hereby authorized and directed to make such reasonable and proper digests from, and compilations of, such statistical data as the Chairman requests. In the event of a disagreement between the Chairman and the Secretary of Commerce, as to the reasonable and proper nature of any request the matter shall be referred to the President whose decision shall be final."

"REVISED TEXT OF TARIFF ACT

"SEC. 7. The Tariff Commission, as soon as practicable, shall prepare and cause to be printed as a public document available for public distribution a complete revised text of the Tariff Act of 1930, as amended: *Provided, however,* That nothing herein shall be construed as superseding the provisions of section 101, title I, of the Customs Simplification Act of 1954.

"EFFECTIVE DATE

"SEC. 11. This act shall take effect as of June 12, 1955."

H. R. 1 WRONG IN PRINCIPLE—DISRUPTIVE IN EFFECTS

Mr. MALONE. Mr. President, the 1934 Trade Agreements Act to be extended by H. R. 1 sets industry against industry, workingmen's group against workingmen's group, investors against investors. One industry, group, or interest may be preserved while another industry, group, or interest may be traded off and sacrificed for some real or fancied political preferment. That is the policy embodied in the act and bill. It is a policy wrong in principle and disruptive in its effects. The bill which is before the Senate, H. R. 1, will help foreigners and will hurt Americans.

FREE TRADE AND BREAD TO THE UNEMPLOYED

Tuesday's newspapers carried two important stories. One reports President Eisenhower's address before the United States Chamber of Commerce urging

further power to reduce duties on imports. The other tells of plans to distribute bread to the unemployed in the Nation's distressed areas.

Mr. President, I think the two stories are related. President Eisenhower, in his address, conceded that the trade program will spell some dislocations and require concessions, some of which will be a bit painful. He says it will connect an increasing and growing, widely shared prosperity at home with international peace. I am quoting Tuesday's Washington Post and Monday's Star.

The other story reports the House Agriculture Committee's approval of "a bill providing for the conversion of surplus grain into flour and cereal for free distribution to needy families in distress areas of the Nation."

FOODS DOLED TO UNEMPLOYED LISTED

I quote several paragraphs from the news article:

Representative PAT JENNINGS, Democrat of Virginia, author of the bill, reported during the committee hearings that families of some unemployed coal miners in his district are not getting enough to eat.

"What are they eating," inquired Representative AUGUST H. ANDRESEN, Republican of Minnesota.

"They're living on free cheese, dried milk, beans, rice, butter, and shortening," JENNINGS replied.

The free flour, cornmeal, and oatmeal would be made available in areas where the Labor Department finds unemployment to be more than 6 percent.

IMPORTS FROM LOW-WAGE NATIONS CAUSE OF HUNGER AND DISTRESS

Of course, as I have pointed out on the Senate floor many times, a primary cause of distress and unemployment in the United States are imports from low-wage foreign nations resulting from the 1934 trade program we are being asked to extend.

THE RUSSIAN WAY

Mr. President, yesterday I discussed the bill which had been introduced by Senators HUMPHREY and KENNEDY to compensate unemployed men who lose their positions through these imports, to compensate investors for the loss of their investments, and to pay transportation of unemployed workers to other areas where they might be able to secure employment.

Mr. President, that is the Russian way; that is not the American way.

H. R. 1 will put more profits into the pockets of foreign producers while Congress considers legislation to put bread into the mouths of unemployed and hungry American families.

Since the 1934 Trade Agreements Act was enacted we have had two foreign wars, suffered 1,190,000 casualties, of whom 318,668 were killed, and seem to be on a permanent war economy which has brought our Federal debt to around \$280 billion.

We have poured out \$100 billion in dollar aid to foreign nations. To this dollar aid we have added American jobs and markets, and H. R. 1 proposes to hand over to foreign nations more of our American jobs and markets in the name of international peace.

CAKE FOR FOREIGNERS; BREADLINES FOR AMERICANS

H. R. 1 will provide cake for foreign producers while America's unemployed eat bread, doled out by the Department of Agriculture.

Mr. President, the 1952 Republican platform pledged that trade agreements "will be entered into and maintained on a basis of true reciprocity and to safeguard our domestic enterprises and the payrolls of our workers against unfair import competition."

REPUBLICAN-DEMOCRATIC PLATFORMS 1856 TO 1948

Later in my address I shall ask to have printed in the RECORD a compilation of the Republican platforms from 1856 to 1942, and also the Democratic platforms from 1856 to 1952.

For a century of time the Republican platforms have advocated a duty or tariff to equalize the cost of production between our wage-standard of living and that in the chief competitive nation on each product—for that length of time the Democratic platform has advocated a free trade program.

There is and has been no true reciprocity.

NO SAFEGUARDS TO PAYROLLS AND INVESTMENTS IN H. R. 1

There are no safeguards to domestic enterprises or to the payrolls of our workers against unfair import competition. There are no safeguards in the pending bill. Every decision is to be left to the Executive. Any questions with reference to the peril point, the escape clause, or import quotas, are to be left to the decision of one man, who will delegate authority to the State Department, which is comprised of those who have been free traders from the start, and one-economic-worlders for 22 years.

POWER DELEGATED TO GATT 3,000 MILES AWAY

From there where is the power delegated? It is handed over to the General Agreement on Tariffs and Trade at Geneva, 3,000 miles away, where the representatives of 33 nations sit with the representative of the United States of America and decide on multilateral trade agreements which will destroy the American workingman and the American investor.

A CENTURY-OLD POLICY ABANDONED

The Republican principle of safeguarding industries, payrolls, and investments, a key principle of the party for a century of time, will simply have been abandoned if Congress passes this bill.

Abraham Lincoln's 1860 platform and the 1952 Republican platform will have been abandoned.

President Lincoln's platform—and the Republican platform of 1860—read:

That while providing revenue for the support of the general Government by duties upon imports, sound policy requires such an adjustment of these imposts as to encourage the development of the industrial interests of the whole country.

CONGRESS TO THE PRESIDENT TO GENEVA GATT

There was nothing said about placing the authority in the hands of one

man, who would thus be enabled to trade or to bargain away any part of the domestic economy, or to dry up any part of the United States of America for a foreign political consideration.

That is exactly what H. R. 1 implies, and that is what its sponsors would like to do.

LINCOLN'S 1860 PLATFORM

We commend that policy of national exchanges which secures to the workmen liberal wages, to agriculture remunerative prices, to mechanics and manufacturers an adequate reward for their skill, labor, and enterprise, and to the Nation commercial prosperity and independence.

THE HOAX OF "RECIPROCAL TRADE" AND "TRADE, NOT AID"

That was the Lincoln platform. Subsequent platforms renewed that pledge, until the hoax of so-called reciprocal trade was invented by London bankers, just as the slogan "trade, not aid" was invented in 1952 by Mr. R. A. Butler, the Chancellor of the Exchequer of Great Britain. That is just one more catch phrase which has been foisted upon the American people and the Republicans in Congress. The term "reciprocal trade" is a fiction. There has never been reciprocal trade, and there never will be, so long as American industries and workers are manipulated as pawns in the game of international politics.

FREE TRADE AND INTERNATIONAL PEACE

Today the foreign trade policy seems to be this: "It is going to hurt, but it will be all right in the end."

Some industries are to be taken to the woodshed and whipped, but it will make our foreign friends happy, and making them happy will advance international peace. That is the theory, and it is a ridiculous theory, as history has proved.

At least this administration is being honest about it, which cannot be said for its predecessors.

Secretary of State Dulles told the Senate Finance Committee on March 15, 1955:

I do not think you can have imports without some damage, and if your rule is that you will not have imports or tariff reductions or sustain them if there is any damage to anybody, then I think it is unworkable.

MR. DULLES VERSUS 1952 REPUBLICAN PLATFORM

I commended Mr. Dulles upon the frankness of his testimony. Mr. Dulles was honest about it, but what he saw is not what the 1952 Republican platform says. It says that our domestic enterprises and the payrolls of our workers are to be safeguarded against unfair import competition.

Such a circumstances would be "unworkable," according to Mr. Dulles. I prefer the Republican platform.

H. R. 1 FOREIGN POLICY BILL, NOT TRADE BILL

H. R. 1 is not a trade bill; it is a foreign policy bill, and was so construed by Mr. Dulles in his testimony before the Senate Finance Committee, who feared "international repercussions" and "grave" consequences if safeguards were added to the bill. No safeguards of any consequence have been added.

Industries have been hurt and industries will be hurt by this bill and its principal administration proponents admit it.

For nearly 5 weeks the Senate Finance Committee heard testimony from industry and labor spokesmen who cited specific statistics and information on how they are being hurt. Similar testimony was offered before the Ways and Means Committee.

This bill disregards all of their testimony and data. The attitude seems to be they need not worry about what happens to them or their employees. Whatever happens, the Government will give them bread, or at least cornmeal.

FOREIGN NATIONS NEVER RECIPROCATE

The Republican platform said that any trade agreements entered into would be maintained on a basis of reciprocity. Let us see how our foreign friends have reciprocated.

Thirty-two of them have raised their tariffs on products from the United

States. They will be found listed in my minority report on H. R. 1.

Sixty-eight require import licenses on American products generally, and 9 others on some products, or a total of 77.

Thirty-eight require exchange permits.

FOREIGN TRADE BARRIERS DOCUMENTED

Mr. President, I ask unanimous consent to have printed in the RECORD a summary of foreign control regulations applying to imports from the United States, prepared by the Bureau of Foreign Commerce of the Department of Commerce, and published in the Department's Foreign Commerce Weekly of February 14, 1955.

There being no objection, the summary was ordered printed in the RECORD, as follows:

SUMMARY OF FOREIGN CONTROL REGULATIONS APPLYING TO IMPORTS FROM THE UNITED STATES

The following tabulation of import and exchange permits required in foreign countries, prepared by the Bureau of Foreign Commerce as an aid to exporters, has been revised as of January 1, 1955.

These regulations apply primarily to goods of United States origin and to other goods payable in United States dollars.

In many countries foreign goods may not be imported unless they are covered by import licenses, which must be obtained by the importer. In some cases the import licenses must be granted before the order for goods is placed. In various countries the importer also is required to obtain an exchange permit before payment for the import may be made.

United States exporters therefore are advised to make certain before shipping that the importer has obtained the required permit. Exporters should insist on being informed as to the identifying number or symbol of the document.

More detailed information on licensing and exchange controls may be obtained from the field offices of the United States Department of Commerce. Publications covering licensing and exchange controls of individual countries also are available from the field offices at a nominal charge.

Country	Is import license necessary?	Is exchange permit required?
Afghanistan.....	No; but a declaration or customs permit must be obtained from border officials.	No; but permission to remit foreign exchange to exporters abroad must be obtained from the Government bank.
Anglo-Egyptian Sudan.....	Yes.	Yes.
Arabian Peninsula areas:		
Saudi Arabia.....	No; except for International Wheat Agreement (IWA) shipments.	No; except for IWA shipments.
Aden, Bahrein, Qatar, Trucial Oman.....	Yes.	Yes.
Kuwait, Muscat, and Oman, Yemen.....	No.	No.
Argentina.....	No; except for certain products subject to import quota.	Yes; permit granted only for listed products. Application should be filed prior to confirmation of purchase order.
Australia.....	Yes.	No; import license carries right to foreign exchange.
Austria.....	Yes; for most commodities.	Yes.
Belgium-Luxembourg.....	Yes; either a regular import license or a declaration license.	No separate permit required.
Belgian Congo.....	Yes; combination import license and exchange authorization is required for all imports except shipments valued at \$100 or less, provided goods are not intended for resale.	Yes.
Bolivia.....	Yes; copy of permit or its number must be given to consul to obtain legalization of documents.	No; import license authorizes purchase of exchange but is not a guaranty that exchange will be granted.
Brazil.....	Yes.	No; exchange for imports is sold at auction.
British colonies, not specified elsewhere ¹	Yes.	Yes; import license generally assures release of foreign exchange.
Bulgaria.....	Yes.	Import license automatically assures foreign exchange.
Burma.....	Yes; except for Government imports.	Yes.
Cambodia.....	Yes.	Yes; import license carries right to foreign exchange.
Canada.....	No; except for a few commodities.	No.
Ceylon.....	Yes; either a general license for commodities under open general license, or an individual license for other commodities.	Yes.
Chile.....	Yes; must be obtained prior to shipment of goods and copy must be sent to exporter.	Yes; in form of notation on import license.
Colombia.....	Import license takes the form of registry certificate issued without quota or other form of restrictions. In addition, certain food products and raw materials are subject to a prior import license from the Ministries of Agriculture and Development.	No; registry certificate carries the right to foreign exchange.

¹ Includes Bermuda, British West Indies, British East Africa, British West Africa, British Guiana, British Honduras, Northern Rhodesia, Southern Rhodesia, and minor colonies, protectorates, and trusteeship territories.

Country	Is import license necessary?	Is exchange permit required?
Costa Rica.....	No.....	Yes; for imports with official exchange. No permit required for imports with free-market exchange.
Cuba.....	No; except for wheat and wheat flour, rice, tires and tubes, red and pink beans, potatoes, condensed milk, and butter.	No.
Czechoslovakia.....	Yes.....	Import license automatically provides for allocation of necessary foreign exchange.
Denmark.....	Yes; with few exceptions.....	Yes; for goods subject to license, copy of license with customs certification of importation takes place of exchange license.
Dominican Republic.....	No; except for wheat and wheat flour, rice, fertilizers, radio transmission apparatus.	No; but all applications for foreign exchange require Government approval, which is granted automatically for bona fide commercial transactions.
Ecuador.....	Yes; one copy must be presented in order to obtain consular legalization of prescribed documents.	No; import license carries the right to foreign exchange (Central Bank of Ecuador).
Egypt.....	Yes; unlicensed imports are subject to confiscation.....	Yes.
El Salvador.....	No.....	No.
Ethiopia.....	No; except on products subject to export license in country of origin.	Yes.
Finland.....	Yes.....	No separate permit required; import license carries right to foreign exchange.
France.....	Yes; obtainable for essentials only.....	No separate permit required; import license carries right to foreign exchange.
French oversea territories, not elsewhere specified, except French Somaliland.	Yes.....	Yes; import license carries right to foreign exchange.
French Somaliland.....	No.....	No.
Germany, Federal Republic (including Western Berlin).	Yes; also procurement authorization except for items on dollar import free list.	Yes; import and payments license combined on 1 document.
Germany, Soviet-occupied zone.....	Yes; the Government monopolies for foreign trade are the only importers.	Yes.
Greece.....	No; except for a few luxury items.....	No; but applications for foreign exchange must be approved by the authorities who determine whether imports will be financed by procurement authorizations of the Foreign Operations Administration or by the dollar resources of the Bank of Greece.
Guatemala.....	No; except for wheat and wheat flour, strong boxes, and certain safety vault doors.	No.
Haiti.....	No; except for wheat quota imports and tobacco products.....	No.
Hashemite Jordan Kingdom.....	Yes.....	Yes.
Honduras.....	No; except for alcohol.....	No.
Hong Kong.....	Yes; for dutiable, strategic, or short supply goods.....	No.
Hungary.....	Yes.....	Yes.
Iceland.....	Yes; except for items on special conditional free list and a limited number of staples.	Yes; except for special conditional free list imports.
India.....	Yes; either a general license for commodities under open general license, or an individual license for other commodities.	Yes; however, foreign exchange is automatically released upon presentation of validated import license to exchange bank.
Indonesia.....	Yes.....	No separate permit required; combined import license-foreign exchange permit necessary.
Iran.....	Yes; but only to release goods from Customs; prospective imports must come within annual or supplemental quotas.	Yes.
Iraq.....	Yes; goods exported before license is obtained are confiscated.	Yes; permits are obtained through licensed dealers.
Ireland.....	For a few products only.....	Yes.
Israel.....	Yes.....	Yes; import license usually carries right to foreign exchange.
Italy.....	Yes; from Italian Exchange Office except for list A goods mostly industrial raw materials which require only bank benestare).	No separate permit required.
Japan.....	Yes.....	Some commodities as announced by Japanese Government from time to time, require allocation certificate; in other cases import license carries right to foreign exchange.
Korea, Republic of.....	Yes.....	Application for import license must be accompanied by certificate from Bank of Korea stating that applicant has sufficient foreign exchange cover on deposit.
Laos.....	Yes.....	Yes; import license carries right to foreign exchange.
Lebanon.....	Yes.....	No.
Liberia.....	No; except for arms, ammunition, used clothing, pharmaceuticals, and rice.	No.
Malaya, Federation of.....	Yes; only certain items may be imported directly from hard-currency sources. Licenses to import nonsterling area goods via Hong Kong are issued provided certain exchange regulations are observed.	Yes; for direct imports. For imports from hard-currency areas via Hong Kong, no permit is necessary, but payment must be made in a sterling-area currency and shipment effected on a bill of lading issued in Hong Kong.
Mexico.....	Yes; for an extensive list of articles.....	No.
Morocco:		
French Zone.....	Yes; with exception of goods imported "sans devise," i. e., shipments financed by importer with his own funds held abroad.	Yes; except for goods imported "sans devise."
Spanish Zone.....	Yes.....	Yes; import license carries right to foreign exchange.
Tangier (International Zone).....	No.....	No.
Netherlands.....	Yes.....	No separate permit required.
Netherlands West Indies.....	No; except for certain luxury items.....	Yes.
New Zealand.....	Yes.....	No; import license carries right to foreign exchange.
Nicaragua.....	Yes.....	No; import permit authorizes purchase of exchange.
Norway.....	Yes.....	No; foreign exchange is automatically made available in currency specified in import license.
Pakistan.....	Yes.....	Yes; however, foreign exchange is automatically released upon presentation of validated import license to exchange bank.
Panama.....	No; except for tomato paste, tanned cattle hides, wheat flour, baby chicks, hatching eggs; a few items are, however, subject to quota restrictions.	No.
Paraguay.....	No.....	Yes.
Peru.....	No.....	No.
Philippines, Republic of the.....	No.....	No permit as such; exchange allocated to importers semi-annually for each of 5 classes of imports. Letters of credit opened against allocation considered as exchange licenses.
Poland.....	Yes.....	Yes.
Portugal, including the Azores and Madeira.....	Yes.....	Yes.
Portuguese Colonies.....	Yes.....	Yes.
Rumania.....	Yes.....	Yes.
Singapore.....	Yes; only certain items may be imported directly from hard-currency sources. Licenses to import nonsterling area goods via Hong Kong are issued provided certain exchange regulations are observed.	Yes; for direct imports. For imports from hard-currency areas via Hong Kong no permit is necessary, but payment must be made in a sterling area currency and shipment effected on a bill of lading issued in Hong Kong.
Spain, including the Canary Islands.....	Yes; limited largely to essential raw materials.....	Yes; special exchange rates are fixed for many import products.
Spanish Colonies.....	Yes.....	Yes; import license carries right to foreign exchange.
Surinam.....	Yes.....	No; import license carries right to foreign exchange.
Sweden.....	No; on majority of goods imported from United States; import license still required on such commodities as automobiles, coal, and certain agricultural products.	No separate permit required. Foreign exchange, including dollar exchange, is automatically made available if the import license specifies payment in such currency, and if the license is registered with a foreign exchange bank within 2 months after issuance.

Country	Is import license necessary?	Is exchange permit required?
Switzerland.....	Import licenses are required for certain agricultural products, various industrial raw materials, and some types of vehicles and machinery. Also, special import authorizations must be obtained for most animals and fowl, shellfish, and bees, beeswax, and honeycombs.	No.
Syria.....	Yes; for hard-currency imports.....	No.
Taiwan (Formosa).....	Yes.....	No.
Thailand.....	Yes; except none for mining supplies.....	No; but a certificate of payment issued by Bank of Thailand or authorized bank of company is required. One application suffices for both import permit and exchange control purposes.
Turkey.....	Yes.....	No; import license carries right to foreign exchange up to amount expressed in local currency in relevant import license.
Union of South Africa, including Southwest Africa, Basutoland, Bechuanaland, and Swaziland.....	Yes; with exception of few specified goods, all imports are subject to license. Imports from all countries of a long list of unessential items are subject to special licensing restrictions.	No; granted automatically following issuance of import license. No; import license carries right to foreign exchange.
United Kingdom.....	Yes; except some foodstuffs, raw materials, fertilizers, etc.....	Yes; all exchange is allocated by U. S. S. R. State Bank upon receipt of import license.
Uruguay.....	Yes.....	No.
U. S. S. R.....	Yes; importing Government agencies are responsible for securing own permit.	Yes; import license carries right to foreign exchange.
Venezuela.....	No; except for approximately 25 tariff items.....	No; but Government maintains strict control over foreign exchange allocations.
Vietnam.....	Yes.....	
Yugoslavia.....	No; individual import license abolished July 1, 1952; since that time only licensed import firms are allowed to carry on import operations.	

Mr. MALONE. Mr. President, almost every trading nation on earth is imposing barriers to products from the United States, some nations, such as Great Britain, barring American goods entirely if like products are manufactured in their own country. But simultaneously, these countries are greedy for passage of H. R. 1, so they can unload their low-wage products on the United States. What American markets do these countries want?

The Wall Street Journal of February 2, 1955, gives a very informative answer in an article written by Washington correspondent Ray Cromley. The page 1, column 1, news article is headed "Europe Will Ask Many Cuts if Congress Hands Eisenhower New Powers—British Mention Whisky and Woolens—French Talk of Lace and Roquefort Cheese."

Apparently, Mr. President, we must drink more British whisky as the price of international peace.

Mr. Cromley's article begins:

Europe's trade-hungry bureaucrats can hardly wait for Congress to vote President Eisenhower new tariff-cutting powers.

British, French, and Italian officials, he reports, already are drawing up new lists of United States duties they want cut.

Continuing with Mr. Cromley's Washington dispatch:

At the British Embassy, trade experts mention the whisky, woolens, and cutlery industries that would be helped by lower United States tariffs.

The Italians bring up synthetic textiles and Italian handicrafts like embroideries and hand-decorated china.

The Frenchmen here wave their arms and talk about Roquefort cheese, laces from Lyons, candied cherries, and stockings.

They're not alone. A commercial official at the German Embassy says: "We don't have a list yet. But be sure we'll have one ready, and a long one."

A Belgian official here argues against fiddling with individual tariff cuts: He plugs for an across-the-board slash of United States duties on imports. But he notes that Belgium feels the need for United States tariff cuts on some important Belgian goods: crystalware, carpets, lace, shotguns, diamonds, and some metal products.

Netherlands officials say their people are even now pushing in Geneva to get another big tariff-cutting conference going; the probable date—sometime this fall, say in October or November.

If a new big tariff confab does get under way this fall, it will find these countries and 20 to 30 more all sniping at United States tariffs, and all armed with the argument—appealing to Mr. Eisenhower—that if we let them sell more here we can cut down on our aid abroad.

Mr. Eisenhower's key officials in the State Department are already sold on the idea that United States tariffs must be cut further, and cut as drastically as the law will allow. The law would allow quite a bit if H. R. 1 passes Congress.

Mr. President, this is going to be a fine bill for the British whiskymakers, her manufacturers of woolens, and her cutlery craftsmen, but it is not a good bill for workers and investors in these industries in the United States. H. R. 1 spells injury and disaster to Americans, who in return for our largess to foreign producers are to be given handouts of oatmeal, cornmeal, and bread.

H. R. 1 will be a fine bill for French lacemakers and cheesemakers, but a bad bill for lacemakers and cheese producers in the United States.

H. R. 1 will be a fine bill for Italian manufacturers of textiles and china, but it is a bad bill for the unemployed textile workers of New England and the South, or the chinaware craftsmen in Pennsylvania, Ohio, West Virginia, and California.

H. R. 1 will be fine for the Belgian carpet and crystalware industry, but a bad bill for their American counterparts.

H. R. 1 is a bill to help foreigners by hurting Americans.

Mr. Cromley, in the article previously referred to, also discusses the probable tariff concessions to Japan—textiles, chinaware and pottery, fish, toys, sewing machines, and other goods.

Wages in Japan average 19 cents an hour. That is 19 cents more an hour than American workers will receive who are displaced by imports from Japan, but the American workers will be given bread or cornmeal, if legislation approved by the House Agriculture Committee is approved.

Europe's trade-hungry bureaucrats can hardly wait for Congress to vote President Eisenhower's new tariff-cutting powers, as Mr. Cromley puts it, but after the United States has waited for 22 years for Europe to cut some of its rates, here are the tariffs applied on

some American products by some of those nations:

Automobiles: India, 63 percent; United Kingdom, 33½ percent; Japan, 30 to 40 percent; France, 15 to 30 percent.

Cotton manufacturers: United Kingdom, 15 to 30 percent; Germany, up to 30 percent; Italy, 15 to 25 percent; Indonesia, 18 to 30 percent; Canada, 15 to 27½ percent.

Grains: France, 15 to 30 percent; Germany, 15 to 20 percent; Norway, 22 percent; Sweden, 10 to 15 percent.

Machinery: Britain, 10 to 25 percent, when it can be imported at all, which is seldom; France, up to 30 percent; Italy, 5 to 40 percent; Japan, 15 to 30 percent.

Synthetic textiles: France, 20 to 35 percent; Italy, 25 percent; Belgium, 24 percent; Japan, 50 percent.

Labor rates in the 1952–53 period averaged \$1.79—these are hourly rates—in the United States; 57 cents in Switzerland; 47 cents in the United Kingdom; 46 cents in France; 44 cents in West Germany; 35 cents in Italy; and, as stated before, 19 cents in Japan.

There is no idea of merely leveling the cost of production rates in this country. Those countries prohibit the imports of any products of the kind they manufacture, while we in America are talking about cutting wages to enable employers to stay in business.

H. R. 1 will not increase the wage rates in foreign countries, but will exert pressure on American industries to reduce American wage rates to the foreign level.

It will do this by forcing American wage earners to compete against the products of low-wage, foreign labor in our own American market, and if they cannot so compete their only recourse—if H. R. 1 is enacted—will be to go on Secretary Benson's breadline.

H. R. 1—BONUS BILL FOR FOREIGN COMPETITORS

Mr. President, H. R. 1 is a bonus bill for foreign producers. It grants a 15-percent tariff bonus over a period of 3 years at the expense of American wage earners, investors, and taxpayers. There is not a solitary thing that any foreign producer need to do to earn this handsome bonus. The bonus is to be given at the sacrifice of American jobs and investments. The foreign producer who

is to get this bonus, if H. R. 1 is passed, gives nothing in return.

**McKINLEY'S FAMOUS SPEECH ON TARIFFS
QUOTED**

As a great President and a great Republican once pointed out in these Halls of Congress:

The foreign producer has no right or claim to equality with our own.

He is not amenable to our laws. There are resulting upon him none of the obligations of citizenship.

He pays no taxes.

He performs no civil duties. He is subject to no demands for military service.

He is exempt from State, county, and municipal obligations.

He contributes nothing to the support, the progress, and the glory of the Nation.

Why should he enjoy unrestrained, equal privileges and profits in our markets with our own producers, our labor, and our taxpayers?

That great Republican was William McKinley, 25th President of the United States, who followed in the tradition of Abraham Lincoln. Mr. McKinley made his famous tariff speech many years before the passage of the 1934 Trade Agreements Act. When he spoke, the issue was whether foreign producers should enjoy equal privilege with our own.

**FOREIGN PRODUCERS TODAY GIVEN PREFERENCE
OVER AMERICANS**

But today it is no longer a matter of equal privilege. Since the 1934 Trade Agreements Act, foreign producers have enjoyed every advantage and every preference over our own producers in the markets of America, while retaining their own. Through quotas, imports, higher tariffs, and many other subterfuges, including the manipulation of the price of their own money, in terms of the United States dollar, foreign producers have been subsidized. Both their industries and their profits are guaranteed by American aid and American trade concessions.

Today, the foreign producer is king, while the American producer is forgotten. So has the principle of fair and equal competition, embodied in our tariff laws prior to 1934, been forgotten.

**PROTESTS POUR IN FROM STATE LEGISLATURES,
PATRIOTS**

Abandonment of this historic principle has evoked resolutions of protest from State legislatures, political organizations, patriotic organizations, industry associations, and labor unions.

The American Mining Congress adopted such a resolution at its last national convention. I ask unanimous consent to have printed at this point in the RECORD the resolution on tariffs adopted by the American Mining Congress.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

FOREIGN TRADE

At the annual convention of the American Mining Congress held at San Francisco, Calif., September 20-24, 1954, the following declaration of policy was made on tariffs:

"TARIFFS

"Experience has shown that we cannot depend on foreign ore reserves as a source of supply in an emergency, however important it may be to import some metals and min-

erals to supplement domestic production and to fill our stockpile with materials in which we are deficient. World political conditions, as well as hazards of possible air and submarine warfare, support this conclusion.

"We recommend, therefore, that Congress exercise its authority over tariffs to be administered for the welfare of the American people and provide reasonable tariff protection. In this connection we commend the United States Tariff Commission for its careful study and complete report to the Congress as well as its recommendations to the President on the industry's application for increased lead and zinc duties.

"We commend the Members of the United States Congress who worked tirelessly to secure the approval of the Tariff Commission's recommendation. It is regrettable that the President did not see fit to accept the Commission's recommendations. His alternative program, while having certain desirable features, is at best a stopgap solution and does not offer any real long-range cure to the problem of the domestic mining industry.

"We favor the enactment of an excise tax on imports of lead and zinc, as well as other metals and minerals with similar problems, which may be suspended whenever prices are at an economic level that will permit the domestic mining industry to maintain an adequate mobilization base for national security.

"Since the executive department of the Government has not seen fit over the past years to adhere to the purposes of the escape clause and peril point provisions of the Trade Agreements Act, we favor removing the authority of the executive department to act on the Tariff Commission's recommendations and favor the placing of such responsibility for approving or disapproving the recommendations in the hands of the Congress where the constitutional authority rests. We also favor allowing the Trade Agreements Act of 1934, as extended, to expire on June 12, 1955.

"The United Nations has established a Commission for International Commodity Trade. This Commission is empowered to recommend agreements to member countries such as those provided in chapter VI of the Habana Charter, which was rejected by the Congress of the United States. We commend the State Department for its vigorous opposition to the formation and constitution of this new United Nations Commission. The powers of this Commission are far greater than those of the now disbanded International Materials Conference, which we strongly opposed. We have not changed our position with respect to international commodity agreements, and, accordingly, we oppose any United States participation in this new United Nations Commission, or in any new international commodity agreements which may be sponsored by the Organization of American States."

**DAUGHTERS OF AMERICAN REVOLUTION CONDEMN
FREE TRADE**

Mr. MALONE. Mr. President, on April 22, 1955, the Daughters of the American Revolution, at their 64th continental congress, meeting at Constitution Hall in this city, adopted a resolution condemning the trade-agreements program as an unwarranted encroachment of the executive branch of the Government upon the constitutional responsibility of Congress, and urging termination of the program.

I ask unanimous consent to have printed at this point in the RECORD the resolution referred to, adopted less than 2 weeks ago by the Daughters of the American Revolution.

Their being no objection, the resolution was ordered to be printed in the RECORD, as follows:

REGULATION OF FOREIGN COMMERCE

Whereas the reciprocal trade-agreements program represents an unwarranted encroachment of the executive branch of our Government upon the legislative responsibility conferred upon Congress by the Constitution of the United States; and

Whereas as a result of reduction of tariffs under the reciprocal trade-agreements program various industries important to our healthy economy and strong national defense have been injured or forced out of business with consequent injury to and loss of jobs by the American workmen: Therefore be it

Resolved, That the National Society, Daughters of the American Revolution, urge Congress to allow the 1934 Trade Agreements Act (Reciprocal Trade Agreements Act) to expire June 12, 1955, and upon its expiration, the Congress should assume its constitutional responsibility of regulating foreign commerce through its agent, the Tariff Commission.

**NEVADA STATE LEGISLATURE ASKS 1934 TRADE ACT
EXPIRE**

Mr. MALONE. Mr. President, the Nevada State Legislature at its recent session memorialized the Congress to allow the 1934 Trade Agreements Act to expire on June 12, 1955, "so that the regulation of foreign trade and the laying of tariffs and import fees will immediately vest in Congress as the Constitution requires and thereby stop the lowering of the American standard of living by the importation of foreign-made goods."

I ask unanimous consent that there be printed at this point in the RECORD the complete text of this important resolution.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Assembly joint resolution memorializing the Congress of the United States to allow the 1934 Trade Agreements Act to expire on June 12, 1955, so that the regulation of foreign trade and the laying of tariffs and import fees will immediately vest in Congress as the constitution requires and thereby stop the lowering of the American standard of living by the importation of foreign-made goods

Whereas the Legislature of the State of Nevada is aware of the fact that the selective so-called free trade policy, adopted by the State Department of the United States under the provisions of the trade agreements act of 1934, is lowering the American living standard through the lowering of wages and is causing unemployment and a subsequent decline of the demand for minerals, agricultural products and other commodities produced in the State of Nevada; and

Whereas the indiscriminate lowering of import fees and tariffs without regard to the differential between the costs of production due largely to the difference in living standards of this Nation and foreign competitive nations, has a demoralizing effect on the mining and agricultural markets of this country and thereby causes unemployment and loss of labor; and

Whereas the State of Nevada is in a particularly vulnerable position in attempting to compete with foreign sweatshop labor because the products produced in Nevada, such as livestock, wool, tungsten, lead, zinc, copper, magnesite, chemicals, manganese, mercury, silicon, and many others, are readily importable at a lower cost from sources outside of this country under the so-called re-

ciprocal trade act, all to the great detriment and economic hardship of this State; and

Whereas many mining companies in the State of Nevada are practically shut down and almost all of the zinc miners are out of work and the cattle industry is being endangered because our ranchers cannot compete with the importation of hides, beef or live cattle from Argentina or Mexico; and

Whereas the haphazard lowering of the floor under wages and investments represented by the tariffs and import fees destroys American workmen and shifts their jobs to foreign soil; and, as a result, many of our mines, mills and factories have been closed and our farm production saved only by subsidies; and

Whereas those industries which depend upon the power of Hoover Dam and Davis Dam are in danger because similar products are being imported at a price less than production costs in this State; and

Whereas the Nevada wool industry has found it impossible to compete with the importation of wool from Australia, New Zealand and elsewhere; and, for the first time, the wool industry of Nevada is only being saved from destruction by the use of subsidies; and

Whereas it is essential to the protection of the American standard of living that world trade should only be on the basis of fair and reasonable competition and based on the principle that foreign products produced by underpaid labor should not be admitted to this country on terms which endanger the living standard of our workers, farmers, and miners; and

Whereas article I, section 8 of the constitution of the United States requires that Congress should lay duties, imposts, and excises and regulate foreign commerce, but the Congress of the United States has abrogated its constitutional duties by virtue of the Trade Agreements Act of 1934 by transferring the duty of fixing tariffs to the executive department of the Government which has, in turn, carried out policies inconsistent with the welfare of American agriculture, industry, and commerce; and

Whereas the free trade policies fostered by the State Department under the 1934 Trade Agreements Act have resulted in our dependence upon foreign nations across one or both major oceans for many of the materials and minerals which we would need to fight a war and to prepare our own defense and thus stifled the initiative to explore, develop and produce such needed materials in our own country; and after having become dependent on foreign sources for critical materials the foreign countries have been able to cause us great embarrassment by manipulation of export permits and fees so that we must bow to their demands and submit to international blackmail; and

Whereas the United States has in the last several decades only been able to prosper because of war or the threat of war and under this cover of war the industrially inexperienced State Department has been wrecking the national economy by the simple expedient of tampering with tariff or import fees so as to open the door to foreign commodities, which in turn prevents the flow of venture capital into the business stream of the Nation even in time of emergency since investors know that when the emergency is over their investment will be destroyed through foreign sweatshop labor competition; and

Whereas it is mandatory to the future economical growth and development of this country, and Nevada in particular, that the 1934 Trade Agreements Act be allowed to expire on June 12, 1955, so that Congress can immediately recover its constitutional responsibility to regulate foreign trade through

the adjustment of tariffs and import fees, and with such an expiration of the act the so-called trade agreements already made and in effect will in no way be affected but will continue in effect for their full terms: Now, therefore, be it

Resolved by the assembly and senate of the State of Nevada, jointly, That the legislature of the State of Nevada most respectfully memorializes the Congress of the United States to stop the dreadful deterrent to American economic well-being and the lowering of our standard of living and that it return to its traditional and constitutional method of fixing tariffs based on the principle of protecting American industry, agriculture, and commerce by allowing the 1934 Trade Agreements Act to expire by its own force and limitation on June 12, 1955; and be it further

Resolved, That until the expiration of the agreement, the Department of State should exercise its powers in fixing tariffs only in accordance with the traditional principles of American policy as set forth in this resolution until such time as the responsibility for regulating foreign commerce be vested where it belongs, in the Congress of the United States; and be it further

Resolved, That the Congress of the United States after June 12, 1955, should set up a flexible import fee which would be based upon fair and reasonable competition administered by a reorganized and experienced tariff commission functioning much in the same manner as the long-established Interstate Commerce Commission so that the market for foreign goods in this country would be based on a fair and reasonable competition with our own agricultural, industrial and mining production; and be it further

Resolved, That copies of this resolution, duly certified by the secretary of state of the State of Nevada, be promptly transmitted by him to the President and Vice President of the United States, the Speaker of the House of Representatives, the President pro tempore of the Senate, and the Secretary of State and the Secretary of Commerce, and to the United States Senators and Congressman from Nevada.

NEVADA-IDAHO LEGISLATURES JOINED IN PREVIOUS PROTEST

Mr. MALONE. Mr. President, previously the Legislature of the State of Nevada and the Legislature of the State of Idaho at their 1953 sessions each adopted joint resolutions deploring the effects of the administration's free-trade program on their metal-mining industries, and charged that "propaganda from Washington during recent years has endeavored, without foundation, to place this country in the have-not class, to the end that tariffs on basic commodities, including metals, be abandoned."

Both State legislatures also memorialized the Congress to replace the trade-agreements program with a sliding scale stabilization import tax to protect our national economy, develop our natural resources, and in the interest of national security.

I ask unanimous consent that there be placed at this point in the RECORD the two resolutions referred to above.

There being no objection, the two resolutions were ordered to be printed in the RECORD, as follows:

NEVADA RESOLUTION

Following is a joint resolution adopted by the Legislature of Nevada during its 1953 session:

"Senate Joint Resolution 12

"Senate joint resolution memorializing the Congress of the United States to approve legislation designed to provide a stabilized market for the products of domestic mines

"Whereas the base-metal-mining industry of the United States has suffered serious curtailment, and is threatened with further curtailment, through dumping of lead and zinc from low-wage foreign countries; and

"Whereas the domestic lead-and-zinc miner has suffered from the effects of currency devaluation and the monopolistic practices of foreign governments in the purchase and sale of metals; and

"Whereas Nevada, as well as many other sections of the United States, is in a large measure dependent upon the new wealth created by the mining and processing of these metals for the maintenance of its economy and for the purchasing of commodities needed by Nevada but not produced in Nevada; and

"Whereas unemployment and loss of production caused by dumping from low-wage countries is depriving local, county, and State governments of much needed tax income; and

"Whereas the American taxpayer has been called upon to finance the expansion of foreign production of metals and minerals in competition with home production of metals and minerals to the detriment of the development of reserves vitally needed in this country for national security; and

"Whereas propaganda from Washington during recent years has endeavored, without foundation, to place this country in a have-not class, to the end that tariffs on basic commodities, including metals, should be abandoned: Now, therefore, be it

Resolved by the Senate and assembly of the State of Nevada (jointly), That the Congress of the United States be and it is hereby memorialized to approve legislation for the stabilizing of the market for metals at prices consistent with the prevailing domestic economic level through the enactment of constructive legislation providing for a sliding scale stabilization import tax. This legislation will promote the development of our natural resources and protect our domestic economy in the interest of national security; be it further

Resolved, That duly certified copies of this resolution shall be forwarded to each Member of the Nevada congressional delegation, to the President of the United States Senate, and the Speaker of the House of Representatives."

IDAHO RESOLUTION

The Legislature of the State of Idaho, at its last session, held during this administration, adopted Senate Joint Memorial 7, protesting foreign dumping and policies destructive to the American mining industry.

We, your memorialists, the Senate and House of Representatives of the State of Idaho, in legislative session, duly and regularly assembled, most respectfully present the following preamble and resolution, to wit:

"Whereas the base mining industry of the United States has suffered serious curtailment, and is threatened with further curtailment, through dumping of lead and zinc from low-wage foreign countries creating an unemployment situation for a large number of the American metal miners; and

"Whereas the domestic lead-and-zinc miner has suffered from the effects of currency devaluation and the monopolistic practices of foreign governments in the purchase and sale of metals; and

"Whereas Idaho as well as many other sections of the United States, is in a large

measure dependent upon the new wealth created by the mining and processing of these metals for the maintenance of its economy and for the purchasing of commodities needed by Idaho but not produced in Idaho; and

"Whereas unemployment and loss of production caused by dumping from low-wage countries is depriving local, county, and State governments of much needed tax income; and

"Whereas the American taxpayer has been called upon to finance the expansion of foreign production of metals and minerals in competition with home production to the detriment of the development of reserves vitally needed in this country for national security; and

"Whereas propaganda from Washington during recent years has endeavored, without foundation, to place this country in a have-not class, to the end that tariffs on basic commodities, including metals, should be abandoned: Now, therefore, be it jointly

"Resolved by the Senate and the House of Representatives of the 32d session of the Legislature of the State of Idaho (the Governor of the State of Idaho concurring therein), That the Congress of the United States be and is hereby memorialized to approve legislation for the stabilizing of the market for metals at prices consistent with the prevailing domestic economic level through the enactment of constructive legislation providing for a sliding scale stabilization import tax. This legislation will promote the development of our natural resources and protect our domestic economy in the interest of national security; be it further

"Resolved, That the secretary of state of the State of Idaho, be, and he hereby is, authorized and directed to send copies of this joint memorial to the Honorable Dwight D. Eisenhower, President of the United States; Secretary of Defense, Charles E. Wilson; Douglas McKay, Secretary of the Interior; Howard I. Young, Deputy Administrator, Defense Materials Procurement Agency; J. D. Small, chairman, Munitions Board; Hon. Henry C. Dworshak, United States Senate; Hon. Herman Welker, United States Senate; Hon. Hamer H. Budge, and Hon. Gracie Pfost, United States House of Representatives; Hon. Richard M. Nixon, Vice President of the United States; Hon. Joseph W. Martin, Jr., Speaker of the House; Hon. George W. Malone, chairman, Senate Mines Committee, and Hon. A. L. Miller, chairman of House Internal and Insular Affairs Committee."

This senate joint memorial passed the Senate on the 21st day of February 1953.

EDSON H. DEAL,

President of the Senate.

NEVADA REPUBLICANS SEEK END OF 1934 TRADE ACT

Mr. MALONE. Mr. President, last year's State convention of the Republican Party of Nevada adopted a resolution urging expiration of the Trade Agreements Act. I ask unanimous consent to have the resolution printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

THE NEVADA REPUBLICAN CONVENTION

At the State convention of the Republican Party, held in Las Vegas, Nev., February 5-6, 1954, the following resolution relating to foreign trade was adopted:

"Whereas article I, section 8, of the Constitution of the United States provides that 'the Congress shall have the power to lay and collect duties, imposts and excises' (tariffs or import fees) and 'to regulate foreign commerce'; and

"Whereas the Congress transferred the constitutional responsibility to regulate foreign trade to the executive branch through the 1934 Trade Agreements Act as extended from time to time: Therefore, be it

"Resolved, That the United States Congress is hereby urged to resume its constitutional responsibility of regulating foreign commerce, through the adjustment of duties, imposts and excises, through its agent, the Tariff Commission, and allow the Trade Agreements Act—the so-called Reciprocal Trade Act—which transferred such responsibility to the President, to expire in June of 1954."

NEVADA WOMEN OPPOSE H. R. 1

Mr. MALONE. Mr. President, the Silver State Republican Women's Club of Washoe County, Nev., after following closely the debates over H. R. 1 and extension of the 1934 Trade Agreements Act, last month adopted resolutions decrying the "crippling effect of the executive branch" of the functions and duties of the legislative branch.

I ask unanimous consent that the resolution of the Silver State Republican Women's Club of Washoe County be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION OF SILVER STATE REPUBLICAN WOMEN'S CLUB OF WASHOE COUNTY

Whereas there is presently pending before the Senate of the United States the proposal to extend the Trade Agreements Act for 3 years beyond its present expiration date; and

Whereas it is the opinion of the members of Silver State Republican Women's Club, in the debate centered around the extension of the Trade Agreements Act, that it is not in the best interests of the United States to extend this act; and

Whereas up to 1934 the Tariff Commission of the legislative branch of our Government had been empowered to set tariffs and establish trade relationships; and

Whereas it is believed that the legislative branch of our Government should be empowered to act without the crippling effect of the executive branch: Be it therefore

Resolved, That advice be immediately forwarded to our senior Senator GEORGE W. MALONE, commending and supporting him for his steadfast and valiant stand in the debate in the Senate of the United States on the extension of the Trade Agreements Act; be it further

Resolved, That advice be immediately forwarded to junior Senator ALAN BIBLE, informing him of the views of the members of Silver State Republican Women's Club on the extension of the Trade Agreements Act and requesting Senator BIBLE to give favorable consideration to such views, which oppose the extension of said act beyond its present expiration date; be it further

Resolved, That copies of this resolution be forwarded to Senators GEORGE W. MALONE and ALAN BIBLE and to Congressman CLIFF YOUNG.

SILVER STATE REPUBLICAN WOMEN'S CLUB,

Mrs. MABLE HAVENS, *President.*

Mrs. VIRGINIA WHITE,

Mrs. ETHEL ZIMMER,

Miss RAMONA BROCKLISS,

Members of Resolutions Committee.

NEVADA YOUNG REPUBLICANS ASK RETURN TO CONSTITUTION

Mr. MALONE. Mr. President, the Young Republicans of Nevada, at their annual convention held in Ely, Nev., on February 26 and 27, 1955, adopted resolutions quoting article I, section 8 of the Constitution, noted that Congress,

through the 1934 Trade Agreements Act, transferred its responsibility over foreign trade to the executive branch, and called for expiration of the act and a return to constitutional principles.

I ask unanimous consent to have printed in the RECORD this resolution adopted by the Young Republicans of Nevada.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas article I, section 8 of the Constitution of the United States provides that "the Congress shall have the power to lay and collect duties, imposts, and excises" (tariffs or import fees), and "to regulate foreign commerce"; and

Whereas the Congress transferred the constitutional responsibility to regulate foreign trade to the executive branch through the 1934 Trade Agreements Act as extended from time to time: Therefore, be it

Resolved, That the United States Congress is hereby urged to resume its constitutional responsibility of regulating foreign commerce, through the adjustment of duties, imposts, and excises, through its agent, the Tariff Commission, and allow the Trade Agreements Act—the so-called Reciprocal Trade Act—which transferred such responsibility to the President, to expire in June of 1955.

CALIFORNIA RESOLUTION

Mr. MALONE. Mr. President, the Legislature of the State of California in 1953 memorialized Congress to return to the constitutional and traditional method of fixing tariffs, based on principles of protection of American agriculture, industry, and commerce, and declared that the executive department of the Government, under the Trade Agreements Act of 1934, "has carried out policies inconsistent with the welfare of American agriculture, industry, and commerce."

I ask unanimous consent that the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Following is joint resolution of the Legislature of the State of California, 1953 session:

"Joint resolution concerning the restoration to Congress of the fixing of tariffs

"Whereas it is essential to the protection of the American standard of living and the American way of life that products of foreign countries be admitted to this country only on a basis which will not endanger the living standards of the American working man and the American farmer and will not threaten serious economic injury to any domestic industry; and

"Whereas promotion of world trade by the Government of the United States should adhere to this principle so that the economic status of the American people may be maintained and not reduced to that in the depressed areas of the world where work is performed behind the sweatshops curtain; and

"Whereas while recent imports of live cattle and frozen and canned beef from Mexico, Canada, New Zealand, and other areas have dramatically high-lighted the problem with respect to one industry, yet it is a problem affecting all of the branches of agriculture, industry, and commercial production; and

"Whereas the Congress of the United States abandoned its traditional function of

fixing tariffs on foreign commerce entering the United States under the Trade Agreements Act of 1934 to the executive department of the Government, which has carried out policies inconsistent with the welfare of American agriculture, industry, and commerce: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California (jointly), That the Legislature of the State of California most respectfully memorializes the Congress of the United States to return to its traditional method of fixing tariffs based on principles of protection of American agriculture, industry, and commerce, and the standard of living for all American citizens created thereby; and be it further

"Resolved, That until Congress so acts, the executive department of the Government exercises its powers of fixing tariffs only in accordance with the traditional principles of American policy as set forth in this resolution; and be it further

"Resolved, That the secretary of the senate send copies of this resolution to the President of the United States, the Secretary of State, the Secretary of Commerce, the Secretary of Agriculture, the Chairman of the United States Tariff Commission, the President of the United States Senate, the Speaker of the House of Representatives, and each Senator and Representative from California in the Congress of the United States."

1955 UTAH LEGISLATURE SCORES TRADE-AGREEMENT PROGRAM

Mr. MALONE. Mr. President, the great State of Utah, dedicated to fundamental American principles, and concerned with the welfare of all its people, is officially opposed to H. R. 1 and to any extension of the trade-agreements program. The Legislature of the State of Utah by formal resolution has memorialized the Congress of the United States to reverse the destructive operation of the trade-agreements program by substituting legislation to afford adequate protection to her stricken industries. Utah's Governor, J. Bracken Lee, promptly signed the resolution following its adoption.

I ask unanimous consent to have printed at this point in the RECORD Senate Concurrent Resolution No. 10 of the State of Utah.

UTAH RESOLUTION

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Concurrent resolution memorializing the Congress of the United States to provide legislation designed to afford adequate protection for domestic industry in the field of international trade

Be it resolved by the Legislature of the State of Utah (the Governor concurring therein):

Whereas the lead-zinc mining industry of the United States has for the 3 years past sought adequate protection from excessive imports from low-wage foreign countries; and

Whereas metal production, employment, and related business in the producing communities has been seriously curtailed and is threatened with further curtailment; and

Whereas definite relief for the lead-zinc industry was unanimously recommended by the United States Tariff Commission in accordance with the escape-clause provisions of that act, which recommendation was preceded by a thorough investigation made by the Commission upon the request of the industry, the Congress, and administration officials; and

Whereas the stockpiling plan was provided for the lead-zinc industry by the President, on the insistence of the State Department, in lieu of the recommended tariff relief; and

Whereas the stockpiling measure has not been successful in materially lessening excessive importation of lead-zinc, or in increasing metal price to a level consistent with the Nation's general economic level, or in reviving the vital function of exploration and development of new mines, or in preventing the progressive decline of production and employment of domestic mines; and

Whereas the lead-zinc situation is simply an example of the serious difficulty which any domestic industry might experience under the present Trade Agreements Act or the extension thereof as proposed in H. R. 1 of the present Congress; and

Whereas the policies and practices in the field of international trade which have resulted in such harm to the domestic lead-zinc industry and to the domestic economy present a threat to all domestic industry involved in international trade: Now, therefore, be it

Resolved by the Legislature of the State of Utah (the Governor concurring therein), That since the executive department of the Government has not seen fit over the past years to adhere to the purposes of the escape clause and peril-point provisions of the Trade Agreements Act, we favor removing the authority of the executive department to act on the Tariff Commission's recommendations and favor the placing of such responsibility for approving or disapproving the recommendations in the hands of the Congress where the constitutional authority and responsibility is vested. We further favor allowing the Trade Agreements Act of 1934, as extended, to expire on June 12, 1955.

We favor the enactment of an excise tax on imports of lead and zinc, as well as other metals and minerals threatened with the same problems, similar to the excise tax law effective on copper imports, which tax may be suspended whenever domestic prices are at an economic level. Such an excise tax would permit the domestic mining industry to: Maintain an adequate "mobilization base" for national security; compete with metal imports produced in low-wage foreign countries; return to its former status of employment and production; retain its skilled mining and metallurgical personnel, and engage in the necessary exploration and development work vitally necessary to future availability of metals; be it further

Resolved, That the Secretary of State of Utah be and is hereby authorized and directed, to send copies of this concurrent memorial to the President of the United States, to the Senate and House of Representatives of the United States, to the Committee on Ways and Means of the House of Representatives and the Finance Committee of the Senate, to the Senators and Congressmen representing the State of Utah in the National Congress and to the Honorable Secretary of the Interior of the United States.

NEVADA MINING BOARD HITS TRADE ACT

Mr. MALONE. Mr. President, the Advisory Mining Board of the State of Nevada also calls for expiration of the 1934 Trade Agreements Act. I ask unanimous consent that its resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION OF ADVISORY MINING BOARD OF THE STATE OF NEVADA

The following resolution proposed by the Advisory Mining Board of the State of Nevada:

"Whereas there is now an active campaign sponsored by certain foreign countries and American citizens who consume these minerals, under the slogan "trade, not aid" to convince Congress that we should continue to give foreign aid in the form of free trade rather than direct aid even though our mines close; and

"Whereas the means of accomplishing this is through a continuation of so-called reciprocal trade agreements, which past experience has shown to be the cause of unemployment in the mining industry; and

"Whereas the political party in power in Nevada has pledged itself to protect American labor and industry from unfair foreign competition by establishing the principle of flexible import fees: Now, therefore, be it

Resolved, That we are opposed to any extension of the Reciprocal Trade Agreements Act and ask that Congress again assume the responsibility of protecting the American workman and investor against unfair competition from abroad. We do favor the establishment in this country of a market for goods of foreign nations on the basis of fair and reasonable competition which will protect workers and investors against foreign low wages and low standards of living, and maintain a healthy domestic mining industry. Equalization of the difference between wages and standards of living here and abroad can best be accomplished by the adoption, by Congress of the flexible import free principle; be it further

Resolved, That the above resolution is a recommendation to Gov. Charles H. Russell, of Nevada, and we ask that he forward a copy of this resolution to Senator GEORGE W. MALONE, Senator PATRICK McCARRAN, and Congressman CLIFTON YOUNG."

CHARLES H. RUSSELL,
Governor.

ROY A. HARDY,
Chairman, Advisory Mining Board.

LOUIS D. GORDON,
Secretary, Nevada Mining Association.

TRADE ACT EXPIRATION ASKED BY COLORADO MINING ASSOCIATION

Mr. MALONE. Mr. President, the Colorado Mining Association, at its recent convention, held on February 3 to 5, 1955, in Denver, Colo., passed the following forthright resolution:

We favor the termination of the Trade Agreements Act. We oppose the participation of this Nation in any international trade organization whose purpose is to control the flow of raw materials.

AMERICAN LEGION IN NEVADA MANDATES AGAINST TRADE ACT

Mr. President, the American Legion, department of Nevada, adopted a similar resolution at its 36th annual department convention, held last August. I ask unanimous consent to have the resolution printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION 12A, DEPARTMENT OF NEVADA

"Whereas the promotion of world trade should be on the basis of fair and reasonable competition and must be done within the principle long maintained that foreign products of underpaid foreign labor shall not be admitted to the country on terms which endanger the living standards of the American workingman, the American farmer, and the miner, or threaten serious injury to a domestic industry; and

"Whereas article I, section 8, of the Constitution of the United States provides that 'The Congress shall have the power to lay and collect—duties, imposts, and excises

(tariffs or import fees)' and 'to regulate foreign commerce'; and

"Whereas the Congress transferred this constitutional responsibility to the executive branch through the 1934 Trade Agreements Act as extended from time to time: Therefore be it

Resolved, That the United States Congress is hereby urged to resume its constitutional responsibility of regulating foreign commerce, through the adjustment of duties, imposts, and excises and allow the 1934 Trade Agreements Act—which transferred such responsibility to the Executive—to expire in June of 1955."

Unanimously adopted by the 36th annual department convention of the American Legion at Ely, Nev., August 5-7, 1954.

UTAH MINING CONGRESS ACCUSES ADMINISTRATION OF IGNORING MINERS, FARMERS, WORKERS

Mr. MALONE. Mr. President, at the last meeting of the Utah Mining Congress, delegates and members adopted a strongly worded resolution opposing extension of the Trade Agreements Act of 1934, and accusing the executive branch of our Government of ignoring the workers, miners, farmers, and producers of America. I ask unanimous consent that the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

INTERNATIONAL TRADE, 1955

We oppose extension of the Reciprocal Trade Agreements Act of 1934, as extended, beyond its termination date of June 12, 1955. The peril-point and escape-clause provisions of the act, designed by the Congress to afford protection for American workers, miners, farmers, or producers, have been willfully ignored by the executive department in several specific cases which were reported favorable for upward tariff adjustments by the Tariff Commission.

The State Department has used the act to progressively weaken tariff protection, particularly on raw materials, and to increasingly involve the matter of domestic tariff control in international trade organizations. Present domestic tariff policy is controlled largely by the General Agreement on Tariffs and Trade (GATT), a foster child of the State Department which was developed following refusal of the United States Congress to approve the International Trade Organization.

Refusal to extend the Trade Agreements Act would serve to restore to the Congress their constitutional power and responsibility relating to tariff and trade regulation.

We have in the past strongly opposed the United States becoming involved in international trade organizations which were designed to regulate production, prices, and distribution of raw materials and goods. We joined vigorously in the campaign to withdraw United States support from the International Materials Conference, successfully sponsored by Senator Ferguson.

The United Nations Economic and Social Council has recently proposed another such organization under the title of the United Nations Commission on International Commodity Trade. The new organization would examine further, as a matter of urgency, the possibilities of establishing a parity relationship between the prices of primary commodities and manufactured goods.

The United States was elected to membership of this group on November 23, 1954, despite the fact that in response to an invitation made April 30, 1954, to comment on the new organization, the United States Government expressed opposition to the establishment of this Commission.

United States membership is vital to establishment of the Commission on International Commodity Trade and therefore strong pressure is being used to get the United States to accept the membership despite her stated objections. Acceptance by the United States would give life to the Commission and would involve the United States in its schemes.

We strongly oppose the United States Government accepting membership and concur wholly with the reasons given by her in opposing the organization to date. The first meeting of the Commission is scheduled for January 17, 1955, and it is therefore directed that a statement of our opposition to United States acceptance of membership be directed forthwith to Utah's congressional delegation, the State Department, and the President.

TRADE ACT ENDANGERS LIVING STANDARDS

Mr. MALONE. Mr. President, the Pioche Chamber of Commerce, of Pioche, Lincoln County, Nev., has adopted a resolution on foreign trade, citing the Constitution, and condemning the trade agreements program as endangering the living standards of the American workingman and the American farmer. I ask unanimous consent that the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas the promotion of world trade should be on the basis of fair and reasonable competition and must be done within the principle long maintained that foreign products of underpaid foreign labor shall not be admitted to the country on terms which endanger the living standards of the American workingman or the American farmer, or threaten serious injury to a domestic industry; and

Whereas article I, section 8 of the Constitution of the United States provides that "the Congress shall have the power to lay and collect * * * duties, imposts, and excises (tariffs or import fees) and to regulate foreign commerce"; and

Whereas the Congress transferred the constitutional responsibility to regulate foreign trade to the executive branch through the 1934 Trade Agreements Act as extended from time to time: Therefore be it

Resolved, That the United States Congress is hereby urged to resume its constitutional responsibility of regulating foreign commerce, through the adjustment of duties, imposts, and excises, through its agent the Tariff Commission and allow the 1934 Trade Agreements Act—the so-called Reciprocal Trade Act—which transferred such responsibility to the President—to expire June 12, 1955.

PIOCHE CHAMBER OF COMMERCE,
Pioche, Lincoln County, Nev.
L. M. MORRIS, President.

PATRIOTIC SOCIETY LASHES TRADE ACT, GATT

Mr. MALONE. Mr. President, the National Society of Women Descendants of the Ancient and Honorable Artillery Company, at their 28th annual rendezvous held in Washington on April 12, 1955, adopted a resolution on the regulation of foreign commerce in which they accused the executive branch of unwarranted encroachment on the legislative responsibility conferred upon Congress by the Constitution.

I ask unanimous consent that there be placed in the RECORD at this point in my remarks the text of this significant resolution.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

REGULATION OF FOREIGN COMMERCE

Whereas the reciprocal trade agreements program represents an unwarranted encroachment of the executive branch of our Government upon the legislative responsibility conferred upon Congress by the Constitution of the United States; and

Whereas a new Organization for International Trade Cooperation to replace the General Agreement on Tariffs and Trade (GATT) has been signed as a trade treaty by a United States representative in Geneva in which the United States has 1 vote among 33 nations, and through this organization the resources of the United States will be foreign controlled: Therefore, be it

Resolved, That the National Society of Women Descendants of the Ancient and Honorable Artillery Company urge the Congress of the United States to allow the 1934 Trade Agreements Act (Reciprocal Trade Agreements Act) to expire June 12, 1955, and upon its expiration the Congress should resume its constitutional authority to regulate foreign commerce through its agent, the Tariff Commission, acting in the national interest.

NATIONAL SOCIETY OF WOMEN DESCENDANTS OF THE ANCIENT AND HONORABLE ARTILLERY COMPANY,
MRS. LLOYD DEWITT SMITH,
National President.

GROSSE POINT, MICH.

FREE TRADE BOONDOGGLE

Mr. MALONE. Mr. President, I have other resolutions, adopted by earnest and patriotic American citizens, calling for an end of this free-trade boondoggle.

The American working people and investors do not want it. The working men and women of the Nation do not want it. The investors in American enterprise do not want it.

The farmers, who understand what it holds for them, particularly through the machinations of the General Agreement on Tariffs and Trade, or GATT, 3,000 miles from the United States, do not want it.

GATT NOT DISAPPROVED

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield to the distinguished Senator from Indiana.

Mr. JENNER. The bill refers to the fact that we do not approve GATT. Does that mean that GATT has been officially disapproved?

PRESIDENT CAN ABOLISH JOBS AND INVESTMENTS UNDER H. R. 1

Mr. MALONE. It does not. The testimony of the Secretary of State, Mr. Dulles, was very forthright. I congratulated him several times on the forthrightness and honesty of his testimony. He stated that the 1934 Trade Agreements Act, which transferred to the President the constitutional responsibility of Congress to regulate foreign trade and to regulate the domestic economy—the right to manipulate tariffs and import fees in the interest of what he may decide to be the overall interest of the United States, regardless of whether it hurt one industry, or did away with jobs in certain industries—gave the President the right to establish any organization he chose through which to operate, including the General Agreement on Tariffs and Trade.

Mr. Dulles was very frank and emphatic in his testimony that the President—in utter disregard to the constitutional provisions—was the only person qualified to decide what was and was not to the best interest of the United States. His statement was contemptuous of the ability of the Senate or of the House to decide, because he said they could not be trusted with the necessary inside information.

H. R. 1 EXTENDS THE AUTHORITY OF GATT

Mr. JENNER. The fact that the bill states that we do not approve GATT does not disapprove it. It is still in effect; and the extension of the act only revives the basic law enacted in 1934. Is not that correct?

Mr. MALONE. The Senator is absolutely correct.

FOREIGN NATIONS' TARIFFS HIGHER THAN OUR OWN

Mr. JENNER. From the standpoint of tariff barriers, with relation to the tariffs of other countries—and I am not speaking of cartels, favored-nation clauses, and so forth, but straight tariffs—how does the United States Government rank with the rest of the world in the matter of tariff barriers?

Mr. MALONE. It is much lower.

Mr. JENNER. How does it rank with reference to England?

Mr. MALONE. It is much lower than England.

Mr. JENNER. How does it compare with France?

Mr. MALONE. It is lower than France.

Mr. JENNER. Is it lower than Italy?

Mr. MALONE. It is lower than Italy.

Mr. JENNER. How about Germany?

REGULATIONS MAY PREVENT IMPORTS

Mr. MALONE. Germany is just getting around to fixing its tariffs. However, practically all the countries I have mentioned have import quotas and exchange quotas, and absolutely prevent the importation of anything which they manufacture, in this way: One must go to a government official to obtain an exchange quota, which means securing the money of the other country to purchase what he desires to import.

The official involved is a government official. He receives his orders from someone else. He may stall for days, weeks, and months, and probably the applicant for the quota finally gives up. If he succeeds in getting an exchange quota, he then goes to some other joker in the government to obtain an import permit. That official may stall for days, weeks, and months, if the officials of that government do not wish the product imported. So the applicant finally gives up, in a hopeless situation, and lets it go.

WAGES AND TARIFFS—UNITED STATES VERSUS FOREIGN COUNTRIES

The Senator yesterday heard me read a list of wages and tariffs applied by most of the countries about which the distinguished Senator from Indiana has inquired. Wages are anywhere from one-tenth to one-third of our wages, and tariffs are anywhere from 10 to 50 or 100 percent higher.

1934 TRADE AGREEMENTS ACT DID NOT BRING PEACE

Mr. JENNER. Mr. President, will the Senator further yield?

Mr. MALONE. I am very happy to yield.

Mr. JENNER. As I recall from reading the early debate on the original passage of the Reciprocal Trade Agreements Act, the main appeal was not for trade, necessarily, or fairness. It was for peace, was it not?

Mr. MALONE. Its purpose was peace, and to improve the economy of this Nation.

Mr. JENNER. That act was passed in 1934.

Mr. MALONE. The Senator is correct.

Mr. JENNER. When I look at the condition of the world today, and consider the events of the intervening period, including World War II, the Korean war, and the cold war which is going on today, I ask the Senator if he would say that the Reciprocal Trade Agreements Act of 1934, which has been extended time and again, has had any effect on the peace of the world.

FIGHT FOR FOREIGN TRADE BREEDS WAR

Mr. MALONE. Many persons experienced in historical research are emphatic that foreign trade breeds war. Of course, our history during the past 22 years proves that to be so.

Mr. JENNER. We have heard all the slogans—"Trade, not aid," and so forth. We have poured out to the rest of the world billions of dollars. Are we not trying by this bill to stop the artificial gap caused by the fact that European nations have lost their colonial system? By our dollars, we have done nothing against communism. As a matter of fact, we have fattened communism. The Communists now control a third of the world and dominate the lives of 800 million people. They can have many more millions any weekend they wish. But the European colonial system has been broken up. Are we not trying to fill in the gap by lowering our tariff barriers and opening our markets to foreign countries so that they can artificially survive for a while longer?

OUR WORLD PACTS GUARANTEE INTEGRITY OF OLD WORLD POLITICAL SYSTEMS

Mr. MALONE. The distinguished Senator from Indiana has placed his finger on the sore spot. When we signed the Atlantic Pact—and I could quote at length from the reprints of my debates in 1948—we guaranteed the integrity of the colonial system throughout the world.

I stood flatfooted on the floor of the Senate, as a freshman Senator and debated with the great Senator Vandenberg, of Michigan. I said to him at that time:

If we sign the Atlantic Pact we shall be guaranteeing the integrity of the colonial system throughout the world.

He replied:

No.

I said:

I will explain. We are agreeing to go to war when the colonial nations, England, France, Belgium, the Netherlands, and

others, go to war. We have no control over how they get into war.

How do they get into war? By defending their colonial systems. After 1948 the record is clear. Every time one of them got into a war, or war was threatened, what was the purpose? The purpose was to save one of their colonial systems.

I was in Indochina in 1948, and traveled widely over the area. We were supporting France in her colonial slavery system in Indochina, and we still are.

Mr. JENNER. With one qualification. We have acquiesced in giving away half of it to the Communists.

Mr. MALONE. That is correct, because our hand was called.

NO ONE ON OUR SIDE

We did not have an Indochinese with us—either with France or with America—in connection with that deal, simply because they did not know very much about communism, but they thoroughly understood what a continuation of the colonial slavery system meant, and they were having no more of it even if resistance to it killed them all. Therefore they were for anyone who would stage an uprising against France, and they opposed anyone who, like us, reluctantly supported France in her colonial slavery system. That was what we were and are doing.

OATH TO DEFEND CONSTITUTION

Mr. JENNER. We took an oath as Senators. Can the Senator explain to me how we are living up to that oath when, by this piece of legislation, we are delegating to the executive branch of Government the authority given to us by the Constitution? Is not that an unconstitutional act? Is not that a violation of our oath as Senators and Representatives of the people of the United States?

Mr. MALONE. I will say to the distinguished Senator from Indiana that this is the ninth year I have served in the Senate. I came here the same year the distinguished Senator from Indiana arrived in the Senate. We were both freshmen together. Almost immediately we were plunged into this administration fight to continue the distribution of our markets among the foreign low-wage-standard-of-living nations.

The whole program is designed to distribute the wealth of this Nation among the countries of the world to average the living standards—which means materially lowering our own.

This is done first by distributing our markets throughout the world through the 1934 Trade Agreements Act, which has come up for extension every 3 years until 1951 when we cut the extension to 2 years, then in 1953 to 1 year.

Second, it is by taking from our taxpayers billions of dollars without any quid pro quo, without any return. The foreign nations will string along as long as we write the checks. When we run out of money they will back away. The whole thing has degenerated into a blackmail scheme. We are now at their mercy. They say, "We will retaliate if you try to protect your own workingmen and investors."

THE WRITERS OF THE CONSTITUTION HAD BEEN
THROUGH THE MILL

Now I come to the Senator's question. Those old patriarchs of Americanism, Washington, Jefferson, Benjamin Franklin, and others, had been through all that any human being could possibly go through and live. They had been pushed around by experts. They had been pushed around by the King of England and by the lords of England who owned land on this continent—kings and lords who had no restriction at all on their power, and who had at their fingertips the regulation of the domestic economy and the foreign trade and the fixing of the foreign policy. All power was vested in one executive.

Our Founding Fathers were so fed up with it, and so, covered by scars, they resolved that it would never again happen to this Nation.

DOMESTIC ECONOMY AND FOREIGN TRADE POINT-
EDLY SEPARATED FROM FOREIGN POLICY

They pointedly separated the regulation of the domestic economy and foreign trade from the fixing of the foreign policy; so that no one ever again could trade sectors of the country's domestic economy for some fancied foreign policy that some one man might conclude would be good for the Nation.

Therefore, article I, section 8, of the Constitution states specifically that the Congress of the United States, the legislative branch of the Government, shall adjust the duties, imposts, and excises, which we call tariffs or import fees. The Founding Fathers provided that the Congress shall regulate the national economy and that it shall regulate foreign trade. They then stipulated in article II, section 2 of the Constitution that the President must negotiate and fix foreign policy.

Abraham Lincoln said that these duties or tariffs, in addition to raising revenues, should be regulated on a basis of the development of the whole country. Those are not the exact words, but I have read the exact words into the RECORD earlier today. We have followed that policy, as a Republican Party, for more than a century of time. This is the first time that we have had a Republican President who advocates the abandonment of that policy—and advocates the remaking of the industrial map of the United States in the image of the one economic world.

I do not blame the President, I wish to say at this point, he believes he is right, he has integrity. However, he has been wrongly advised. He is being advised by the economic one-worlders. The international lawyers and the American companies and corporations who are big enough and of such a nature that they can go behind the low-wage curtain and establish industries using the low-cost labor and send the stuff into the American markets.

THREE BRANCHES OF GOVERNMENT

We have three branches of government set up by the Constitution.

The President, representing the executive branch, is not supposed to push the legislative branch around, and we are not supposed to push the Executive around. He is our President and we are

his Congress—each should respect the other and discharge our duties in accordance with the Constitution.

Mr. JENNER. However, it is our constitutional duty not to delegate this power and authority to the Executive. Is that correct?

Mr. MALONE. That is correct. Congress amended the Constitution in 1934 by a simple act of Congress. Our Republican President is asking us to continue the violation.

Mr. JENNER. When we do that we violate our oath as Senators. Is that correct?

Mr. MALONE. That is absolutely correct. The executive branch of our Government as represented by Mr. Dulles showed utter contempt for the legislative branch in his testimony before the Senate Finance Committee.

Mr. JENNER. That is what I wanted to know.

Mr. MALONE. I want to say further that under article II, section 2, of the Constitution, the President is given the authority to regulate foreign policy, but under article I, section 8, Congress is charged with the responsibility of regulating the domestic economy and foreign trade.

In 1934 Congress deliberately and, by a simple act of Congress, amended the Constitution of the United States, and put the power in the hands of the Executive to trade any sector of the American economy or markets to foreign countries for a fancied political advantage. That is what that act does. He may remake the industrial map of the Nation in the image of one economic world, regardless of any unemployment and loss of investments it may cause.

Mr. JENNER. I thank the Senator.

H. R. 1 CONTINUES GATT

Mr. MALONE. Mr. President, H. R. 1, of enacted, will continue GATT. I saw a dispatch in this morning's Washington paper that GATT is not continued because of changes in the bill. The article I read indicates a complete lack of understanding on the part of the newspaper or a deliberate misstatement.

I should like to think it is the former. In accordance with Mr. Dulles' statement before the Senate Finance Committee, H. R. 1 continues the President's authority to continue GATT which was organized by the State Department in the beginning.

INTERNATIONAL SOCIALIZED TRADE

The General Agreement on Tariffs and Trade at Geneva is international socialized trade. That is what it is.

INTERNATIONAL SUCKER POKER GAME

As I have said before many times on the floor of the Senate and in committee, the General Agreement on Tariffs and Trade also is an international sucker poker game. That is what it is.

It is a sucker game with 33 foreign nations sitting down and waiting for the sucker with the markets to sit in. It is just like the kind of sucker poker game anyone can find in any town in America, where the players are waiting for the sucker with the money to take a hand.

If he does not sit in, the game breaks up. There is no game because he has the

only new money. If he sits down, there is a game.

The foreign nations are waiting to hear if the act is to be continued. If it is continued, the game will continue. If it not continued, the game will break up. If the act is not continued, there will be no General Agreement on Tariffs and Trade at Geneva, because there will be no new markets in the pot. No new markets for them to divide between them.

A DICTIONARY DEFINITION

My edition of Webster's New International Dictionary defines "socialism" as:

A political and economic theory of social reorganization, the essential feature of which is governmental control of economic activities, to the end that competition shall give way to cooperation and that the opportunities of life and rewards of labor shall be equitably apportioned.

That is a somewhat flattering definition but it is the dictionary definition.

The authors of my edition of Webster's had not gotten around to defining GATT, but if they had, their definition of socialism would fit GATT perfectly.

GATT CONTROLS TRADE—ECONOMY ON A WORLD
BASIS

The essential feature of GATT is governmental control of economic activities on the international level, by 34 nations, including monarchies and Communist Czechoslovakia.

Governmental control of our own economic activities was turned over to the Executive by the 1934 Trade Agreements Act, and has been reassigned by the Executive branch to GATT under a presidential proclamation issued by President Truman on December 16, 1947.

The Constitution placed control of our economic activities in the hands of the people to be exercised through their elected representatives in Congress, and entrusted no part of it to the Executive. That was in the spirit of American free enterprise and continued throughout our history until 1934.

NEW DEAL FOSTERED SOCIALISM

A Socialist-Democrat administration in 1934 took control over our economic activities away from the people and placed it in the Executive.

They did it so that competition would end, and the opportunities of life and rewards of labor would be equitably apportioned. This was socialism by its own definition, but domestic socialism.

GATT is international socialism.

Under GATT 34 nations are exercising governmental control over the economic activities of most of the world, activities which embrace 80 percent of the total world trade.

The purpose is to do away with competition under a global arrangement of GATT's own devising, and to equalize the economy and living standards of 34 nations.

That is the only answer to the dollar shortage hoax which is being perpetrated on the American people, and foreign countries will talk about it until they are living the way we are living, or until we are living the way they are living—more likely the latter. When we have established an average living standard throughout the world, we will then have our own dollar shortage.

UNITED STATES HANDCUFFED TO GATT UNTIL TRADE ACT EXPIRES

This is being progressively accomplished by dragging down the United States to a world level.

The State Department says participation of the United States in GATT is under the authority of the 1934 Trade Agreements Act.

That is a matter for Supreme Court determination.

But until such a determination is obtained, participation in GATT is certain so long as the Trade Agreements Act is on the statute books and H. R. 1 would keep it on the statute books until June 12, 1958.

In other words H. R. 1 will keep us in the International Socialistic Organization known as GATT, which meets only in secret and only on foreign soil.

GATT DESTROYS LIBERTIES OF PEOPLE

A recent British publication had this to say about GATT:

What GATT has done has been to force countries which would normally rely for protection on tariffs, to rely instead on quotas and licenses.

In other words, where the governments of these countries would have been content to discourage people from buying goods from abroad which were coming in in such quantities as to be harmful to their economies, they are now forced into a position where they have to dictate to people what they can and cannot buy. GATT does not only not bring free trade: It also causes interference in individual freedom.

Not, of course, that that worries the internationalists, who are themselves great lovers of dictatorial methods. Indeed, internationalism, even in theory, cannot work without a system of controls so elaborate that the measure of individual liberty it would allow would dwindle virtually to nothing.

That, as I said before, is from a British publication, which I do not entirely agree with.

But I do agree that GATT has forced countries, including our own, which would normally rely for protection on tariffs to rely instead on quotas.

GATT WARS ON UNITED STATES FARM QUOTAS

We have quotas now to protect certain of our farm commodities, and the State Department is having to wage a continuing battle in GATT to protect these quotas.

Even when this superinternational socialistic agency does magnanimously grant a waiver to the United States on quotas, it demands concessions, promises, and pledges from our negotiators at Geneva.

An example is the recent GATT decision to grant a waiver to the United States in connection with import restrictions imposed under section 22 of the United States Agricultural Adjustment Act, as amended.

I ask unanimous consent to have printed in the RECORD this decision by GATT.

There being no objection the decision was ordered to be printed in the RECORD, as follows:

DECISION TO GRANT A WAIVER TO THE UNITED STATES IN CONNECTION WITH IMPORT RESTRICTIONS IMPOSED UNDER SECTION 22 OF THE UNITED STATES AGRICULTURAL ADJUSTMENT ACT OF 1933, AS AMENDED

Having received the request of the United States Government for a waiver of the provisions of article II and article XI of the general agreement with respect to certain actions by the United States Government required by the provisions of section 22 of the United States Agricultural Adjustment Act of 1933, as amended (hereinafter referred to as "section 22") which are not authorized by the agreement,

Having also received the statement of the United States:

(a) That there exist in the United States governmental agricultural programs (including program or operations which provide price assistance for certain domestic agricultural products and which operate to limit the production or market supply, or to regulate or control the quality or prices of domestic agricultural products) which from time to time result in domestic prices being maintained at a level in excess of the prices at which imports of the like products can be made available for consumption in the United States and that under such conditions imports may be attracted into the United States in abnormally large quantities or in such manner as to have adverse effects on such programs or operations unless the inflow of such imports is regulated in some manner;

(b) That the Congress of the United States therefore enacted section 22 which requires that restrictions in the form either of fees or of quantitative limitations must be imposed on imports whenever the President of the United States finds, after investigation, that such products are being or are practically certain to be imported in such quantities and under such conditions as to render ineffective or materially interfere with any program or operation undertaken by the United States Department of Agriculture or any agency under its direction with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof, with respect to which such a program is being undertaken, and has required the President not to accept any international obligation which would be inconsistent with the requirements of the section.

(c) That import restrictions can be imposed under section 22 only when the President finds that imports are having or are practically certain to have the effects for which section 22 action is required, and then, except as provided by law in emergency situations, only after investigation by the United States Tariff Commission, after due notice and opportunity for hearings have been given to interested parties; that while import restrictions may be imposed in emergency situations before an investigation by the Tariff Commission, the continuance of such restrictions is subject to the decision of the President as soon as the Commission has completed an immediate investigation; and that fees imposed under section 22 cannot exceed 50 percent ad valorem and any quantitative limitation of imports under that section cannot be such as to reduce the quantity of imports of the product below 50 percent of the quantity entered during a representative period as determined by the President; and that except in the case of those products where it is impracticable to limit production or marketings or the United States Government is without legislative

authority to do so, the products on which section 20 controls are now in effect are subject to limitation upon domestic marketing which in turn affect production;

Noting:

(a) That, to help solve the problem of surpluses of products for which section 22 import quotas now are in effect, the United States Government has taken positive steps aimed at reducing 1955 crops supplies by lowering support price levels or by imposing marketing quotas at minimum levels permitted by legislation; and that it is the intention of the United States Government to continue to seek a solution of the problem of surpluses of agricultural commodities;

(b) The assurance of the United States Government that it will discuss proposals under section 22 with all countries having a substantial interest prior to taking action, and will give prompt consideration to any representatives made to it;

(c) That it is the intention of the United States Government promptly to terminate any restrictions imposed when it finds that circumstances requiring the action no longer exist, and to modify restrictions whenever changed circumstances warrant such modification;

The contracting parties:

Decide, pursuant to paragraph 5 (a) of article XXV of the general agreement and in consideration of the assurances recorded above, that subject to the conditions and procedures set out hereunder the obligations of the United States under the provisions of articles II and XI of the general agreement are waived to the extent necessary to prevent a conflict with such provisions of the general agreement in the case of action required to be taken by the Government of the United States under section 22. The text of section 22 is annexed to this decision;

Declare that this decision shall not preclude the right of affected contracting parties to have recourse to the appropriate provisions of article XXIII; and

Declare, further, that in deciding as aforesaid, they regret that circumstances make it necessary for the United States to continue to apply import restrictions which, in certain cases, adversely affect the trade of a number of contracting parties, impair concessions granted by the United States and thus impede the attainment of the objectives of the general agreement.

CONDITIONS AND PROCEDURES

1. Upon request of any contracting party which considers that its interests are seriously prejudiced by reason of any import restriction imposed under section 22, whether or not covered by this decision, the United States will promptly undertake a review to determine whether there has been a change in circumstances which would require such restrictions to be modified or terminated. In the event the review shows such a change, the United States will institute an investigation in the manner provided by section 22.

2. Should the President of the United States acting in pursuance of section 22 cause an investigation to be made to determine whether any existing import restriction should be modified, terminated or extended, or whether restrictions should be imposed on the import of any additional product, the United States will notify the contracting parties and, in accordance with article XXII of the general agreement, accord to any contracting party which considers that its interests would be prejudiced the fullest notice and opportunity, consistent with the legislative requirements of the

United States, for representations and consultation.

3. The United States will give due consideration to any representations submitted to it including:

(a) When investigating whether any existing import restriction should be modified, terminated or extended, representations that a greater volume of imports than is permitted under the import restriction would not have the effects required to be corrected by section 22, including representations that the volume of imports that would have entered in the absence of governmental agricultural programs would not have such effects.

(b) When investigating with respect to import restrictions on additional products, representations with regard to:

(i) The effect of imports of any product upon any program or operation undertaken by the United States Department of Agriculture or any agency under its direction, or upon the domestic production of any agricultural commodity or product thereof for which such a program or operation is undertaken, including representations that the volume of imports which would have entered in the absence of governmental agricultural programs will not have the effects required to be corrected by section 22;

(ii) The representative period to be used for the determination of any quota.

(c) Representations by any contracting party that the portion of a total quota allotted or proposed to be allotted to it is inequitable because of circumstances that operated to reduce imports from that contracting party of the product concerned during the past representative period on which such import quota is based.

4. As soon as the President has made his decision following any investigation the United States will notify the contracting parties and those contracting parties which have made representations or entered into consultations. If the decision imposes restrictions on additional products or extends or intensifies existing restrictions the notification by the United States will include particulars of such restrictions and the reasons for them (regardless of whether the restriction is consistent with the general agreement). At the time of such notification the provisions of the general agreement are waived to the extent necessary to permit such restrictions to be applied under the general agreement, subject to the review herein provided and, as declared above, without prejudice to the right of the affected contracting parties to have recourse to the appropriate provisions of article XXIII.

5. The United States will remove or relax each restriction permitted under this waiver as soon as it finds that the circumstances requiring such restriction no longer exist or have changed so as no longer to require its imposition in its existing form.

6. The contracting parties will make an annual review of any action taken by the United States under this decision. For each such review the United States will furnish a report to the contracting parties showing any modification or removal of restrictions effected since the previous report, the restrictions in effect under section 22, and the reasons why such restrictions (regardless of whether covered by this waiver) continue to be applied and any steps it has taken with a view to a solution of the problem of surpluses of agricultural commodities.

ANNEX TO THE DECISION: SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT (OF 1933), AS REENACTED AND AMENDED

Section 22. (a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or

operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law No. 320, 74th Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify (7 U. S. C. 624 (a)).

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 percent ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: *Provided*, That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 percent of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the President: *And provided further*, That in designating any article or articles the President may describe them by physical qualities, value, use, or upon such other bases as he shall determine. In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President (7 U. S. C. 624 (b)).

(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law No. 320, 74th Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States (7 U. S. C. 624 (c)).

(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the Pres-

ident whenever he finds and proclaims that the circumstances requiring the proclamation or provision thereof no longer exist or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section (7 U. S. C. 624 (d)).

(e) Any decision of the President as to facts under this section shall be final (7 U. S. C. 624 (e)).

(f) No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section (7 U. S. C. 624 (f)).

PUBLIC LAW 50, 82D CONGRESS, SECTION 8 (A)

In any case where the Secretary of Agriculture determines and reports to the President and to the Tariff Commission with regard to any agricultural commodity that due to the perishability of the commodity a condition exists requiring emergency treatment, the Tariff Commission shall make an immediate investigation under the provisions of section 22 of the Agricultural Adjustment Act, as amended, or under the provisions of section 7 of this act to determine the facts and make recommendations to the President for such relief under those provisions as may be appropriate. The President may take immediate action, however, without awaiting the recommendations of the Tariff Commission if in his judgment the emergency requires such action. In any case the report and findings of the Tariff Commission and the decision of the President shall be made at the earliest possible date, and in any event not more than 25 calendar days after the submission of the case to the Tariff Commission.

Commodities for which import controls are now in effect pursuant to section 22 of the Agricultural Adjustment Act (of 1933) as amended

A. QUOTAS

1. Cotton and cotton products—annual quotas currently are in effect for these items:

	Pounds
(a) Long-staple cotton (1½ in. or longer but less than 1¼ in.)	45,656,420
(b) Short-staple cotton (other than than harsh, under 1½ in.)	14,516,882
(c) Harsh or rough (under ¾ inch)	70,000,000
(d) Cotton waste	5,482,509

2. Wheat and wheat products:

(a) Wheat	800,000 bushels
(b) Wheat products (flour semolina, crushed or cracked wheat, and similar wheat products)	4,000,000 pounds

3. Manufactured dairy products (initial controls effective July 1, 1953)—annual quotas have been established for these items:

	Pounds
Butter	707,000
Dried whole milk	7,000
Dried buttermilk	496,000
Dried cream	500
Dried skim milk	1,807,000
Malted milk and compounds or mixtures of or substitutes for milk or cream	6,000
Cheddar cheese ¹	2,780,100
Edam and Gouda cheese	4,600,200
Blue mold cheese ²	4,167,000
Designated Italian-type cheese ³	9,200,100

4. Peanuts: Annual global quota of 1,709,000 pounds shelled basis, July 1–June 30.

5. Oats,⁴ hulled or unhulled and unhulled ground oats (initial controls effective Dec. 23, 1953): Imports are limited to 40 million

bushels during the period October 1, 1954–September 30, 1955.

6. Rye,⁴ rye flour and meal (initial controls effective Apr. 1, 1954): Imports are limited to 186 million pounds in the period July 1, 1954–June 30, 1955.

7. Barley,⁴ hulled or unhulled, including roller barley, ground barley, and barely malt (initial controls effective Oct. 1, 1954): Imports are limited to 27,500,000 bushels in the period October 1, 1954–September 30, 1955.

B. FEES

8. Filberts: During the period October 1, 1954–September 30, 1955, a fee of 10 cents per pound on imports in excess of 6 million pounds.

9. Almonds:⁵ During the period October 1, 1954–September 30, 1955, a fee of 10 cents per pound on imports in excess of 5 million pounds.

10. Flax seed:⁵ 50 percent ad valorem.

11. Linseed oil:⁵ 50 percent ad valorem.

12. Peanut oil:⁵ Ad valorem fee of 25 percent on imports in excess of 80 million pounds.

Mr. MALONE. Mr. President, as I stated in my minority views in the Senate Finance Committee report on H. R. 1, all of these spineless pledges and commitments by the State Department leave the American farmer behind the eight ball and beholden to the whims of his foreign competitors. That is not the American system.

H. R. 1 will leave other major elements of America's economy, the workers and investors in our resources and industries, behind the eight-ball also, potential victims of avarice and manipulation at the hands of GATT, an international agency for the propagation of economic socialism.

REJECT H. R. 1 AND WITHDRAW FROM GATT

The Senate of the United States should reject H. R. 1.

The Government of the United States should promptly withdraw from GATT before more harm is done to our American system of free enterprise.

Rejection of H. R. 1 will restore our trade and commerce to fundamental principles set forth in the Constitution of the United States.

Withdrawal from GATT will restore our economic independence and liberate us from the chains of international socialistic GATT.

The decision, Mr. President and distinguished colleagues in the Senate of the United States, is in your hands.

PARTY PLATFORMS ON FOREIGN TRADE DOCUMENTED

Mr. President, there may be some debate and some misunderstanding as to the source of these free trade ideas and what the people of the United States, through their political parties, have stood for and campaigned for over the years. In 1949 I debated this subject on

the Senate floor at some length, in connection with this same subject and as a result documented the Republican platforms and the Democratic platforms from 1856 to 1948. I ask unanimous consent to have these documented platforms of both parties from 1856 to 1952 included in the CONGRESSIONAL RECORD at this point, as a part of my remarks.

There being no objection, the platforms were ordered to be printed in the RECORD, as follows:

THE POSITION OF THE REPUBLICAN PARTY ON TARIFFS FROM 1856 TO 1948

1856 PLATFORM

No mention of tariffs.

1860 PLATFORM

Plank 12: "That, while providing revenue for the support of the general Government by duties upon imports, sound policy requires such an adjustment of these imposts, as to encourage the development of the industrial interests of the whole country."

1864 PLATFORM

No mention of tariffs.

1868 PLATFORM

No mention of tariffs.

1872 PLATFORM

Plank 7: "The annual revenue, after paying current expenditures, pensions, and the interest on the public debt, should furnish a moderate balance for the reduction of the principal, and that revenue, except so much as may be derived from a tax on tobacco and liquors, should be raised by duties upon importations, the details of which should be so adjusted as to aid in securing remunerative wages to labor, and promote, the industries, prosperity, and growth of the whole country."

1876 PLATFORM

Plank 8: "The revenue necessary for current expenditures and the obligations of the public debt must be largely derived from duties upon importations, which, so far as possible, should be adjusted to promote the interests of American labor and advance the prosperity of the whole country."

1880 PLATFORM

Plank 5: "We reaffirm the belief avowed in 1876, that the duties levied for the purpose of revenue should so discriminate as to favor American labor."

1884 PLATFORM

"We therefore demand that the imposition of duties on foreign imports shall be made, not 'for revenue only,' but that in raising the requisite revenues for the Government such duties shall be so levied as to afford security to our diversified industries and protection to the rights and wages of the laborer, to the end that active and intelligent labor, as well as capital, may have its just reward, and the laboring man his full share in the national prosperity.

"Against the so-called economic system of the Democratic Party, which would degrade our labor to the foreign standard, we enter our earnest protest."

Protection to American industries

We are uncompromisingly in favor of the American system of protection; we protest against its destruction as proposed by the President and his party. They serve the interests of Europe; we will support the interests of America. We accept the issue and confidently appeal to the people for their judgment. The protective system must be maintained. Its abandonment has always been followed by general disaster to all interests, except those of the usurer and the sheriff. We denounce the Mills bill as destructive to the general business, the labor, and the farming interests of the country, and we heartily indorse the consistent and

patriotic action of the Republican Representatives in Congress in opposing its passage.

Duties on wool

We condemn the proposition of the Democratic Party to place wool on the free list, and we insist that the duties thereon shall be adjusted and maintained so as to furnish full and adequate protection to that industry throughout the United States.

The internal revenue

The Republican Party would effect all needed reduction of the national revenue by repealing the taxes upon tobacco, which are an annoyance and burden to agriculture, and the tax upon spirits used in the arts and for mechanical purposes, and by such revision of the tariff laws as will tend to check imports of such articles as are produced by our people, the production of which gives employment to our labor, and release from import duties those articles of foreign production (except luxuries) the like of which cannot be produced at home. If there shall still remain a larger revenue than is requisite for the wants of the Government, we favor the entire repeal of internal taxes rather than the surrender of any part of our protective system, at the joint behests of the whisky trusts and the agents of foreign manufacturers.

1892 PLATFORM

The principle of protection

We reaffirm the American doctrine of protection. We call attention to its growth abroad. We maintain that the prosperous condition of our country is largely due to the wise revenue legislation of the last Republican Congress. We believe that all articles which cannot be produced in the United States, except luxuries, should be admitted free of duty, and that on all imports coming into competition with products of American labor there should be levied duties equal to the difference between wages abroad and at home.

We assert that the prices of manufactured articles of general consumption have been reduced under the operations of the Tariff Act of 1890.

We denounce the efforts of the Democratic majority of the House of Representatives to destroy our tariff laws piecemeal, as manifested by their attacks upon wool, lead, and lead ores, the chief products of a number of States, and we ask the people for their judgment thereon.

Triumph of reciprocity

We point to the success of the Republican policy of reciprocity, under which our export trade has vastly increased and new and enlarged markets have been opened for the products of our farms and workshops. We remind the people of the bitter opposition of the Democratic Party to this practical business measure, and claim that, executed by a Republican administration, our present laws will eventually give us control of the trade of the world.

1896 PLATFORM

Tariff

We renew and emphasize our allegiance to the policy of protection as the bulwark of American industrial independence and the foundation of American development and prosperity. This true American policy taxes foreign products and encourages home industry; it puts the burden of revenue on foreign goods; it secures the American market for the American producer; it upholds the American standard of wages for the American workingman; it puts the factory by the side of the farm, and makes the American farmer less dependent on foreign demand and price; it diffuses general thrift, and founds the strength of all on the strength of each. In its reasonable application it is just, fair to sectional discrimination and individual favoritism.

¹ Cheddar cheese and cheese and substitutes for cheese containing or processed from cheddar cheese.

² Blue mold (except Stilton) cheese and cheese and substitutes for cheese containing, or processed from, blue mold cheese.

³ Italian-type cheeses made from cows' milk in original loaves (Romano made from cows' milk, Reggiano, Parmesano, Provolone, Procotelle, and Sbrinz).

⁴ Seed approved for planting pursuant to the Federal Seed Act is not subject to control.

⁵ Not a listed item in schedule XX.

We denounce the present Democratic tariff as sectional, injurious to the public credit, and destructive to business enterprise. We demand such an equitable tariff on foreign imports which have come into competition with American products as will not only furnish adequate revenue for the necessary expenses of the Government, but will protect American labor from degradation to the wage level of other lands. We are not pledged to any particular schedules. The question of rates is a practical question to be governed by the conditions of time and of production; the ruling and uncompromising principle is the protection and development of American labor and industry. The country demands a right settlement, and then it wants rest.

Reciprocity

We believe the repeal of the reciprocity arrangements negotiated by the last Republican administration was a national calamity, and we demand their renewal and extension on such terms as will equalize our trade with other nations, remove the restrictions which now obstruct the sale of American products of our farms, forests, and factories.

Protection and reciprocity are twin measures of Republican policy and go hand in hand. Democratic rule has recklessly struck down both, and both must be reestablished. Protection for what we produce; free admission for the necessities of life which we do not produce; reciprocity agreements of mutual interests which gain open markets for us in return for our open market to others. Protection builds up domestic industry and trade, and secures our own market for ourselves; reciprocity builds up foreign trade, and finds an outlet for our surplus.

Sugar

We condemn the present administration for not keeping faith with the sugar producers of this country. The Republican Party favors such protection as will lead to the production on American soil of all the sugar which the American people use, and for which they pay other countries more than \$100 million annually.

Wool and woolsens

To all our products—to those of the mine and the fields as well as to those of the shop and the factory; to hemp, to wool, the products of the great industry of sheep husbandry, as well as to the finished woolsens of the mills—we promise the most ample protection.

Merchant marine

We favor restoring the American policy of discriminating duties for the upbuilding of our merchant marine and the protection of our shipping in the foreign-carrying trade, so that American ships—the product of American labor, employed in American shipyards, sailing under the Stars and Stripes, and manned, officered, and owned by Americans—may regain the carrying of our foreign commerce.

1900 PLATFORM

Protection policy reaffirmed

We renew our faith in the policy of protection to American labor. In that policy our industries have been established, diversified, and maintained. By protecting the home market, competition has been stimulated and production cheapened. Opportunity to the inventive genius of our people has been secured and wages in every department of labor maintained at high rates—higher now than ever before, and always distinguishing our working people in their better conditions of life from those of any competing country. Enjoying the blessings of the American common school, secure in the right of self-government, and protected in the occupancy of their own markets, their constantly increasing knowledge and skill have enabled them to finally enter the markets of the world.

Reciprocity favored

We favor the associated policy of reciprocity, so directed as to open our markets on favorable terms for what we do not ourselves produce in return for free foreign markets.

1904 PLATFORM

The protective tariff

Protection which guards and develops our industries is a cardinal policy of the Republican Party. The measure of protection should always at least equal the difference in the cost of production at home and abroad.

We insist upon the maintenance of the principles of protection, and, therefore, rates of duty should be readjusted only when conditions have so changed that the public interest demands their alteration, but this work cannot safely be committed to any other hands than those of the Republican Party. To entrust it to the Democratic Party is to invite disaster. Whether, as in 1892, the Democratic Party declares the protective tariff unconstitutional, or whether it demand tariff reform or tariff revision, its real object is always the destruction of the protective system.

However specious the name, the purpose is ever the same. A Democratic tariff has always been followed by business adversity; a Republican tariff by business prosperity.

To a Republican Congress and a Republican President this great question can be safely entrusted. When the only free-trade country among the great nations agitates a return to protection, the chief protective country should not falter in maintaining it.

We have extended widely our foreign markets, and we believe in the adoption of all practicable methods for their further extension, including commercial reciprocity wherever reciprocal arrangements can be effected consistent with the principles of protection and without injury to American agriculture, American labor, or any American industry.

1908 PLATFORM

Tariff revision promised

The Republican Party declares unequivocally for a revision of the tariff by a special session of the Congress immediately following the inauguration of the next President, and commends the steps already taken to this end in the work assigned to the appropriate committees of Congress, which are now investigating the operation and effect of these schedules. In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between cost of production at home and abroad, together with a reasonable profit to American industries. We favor establishment of a maximum and minimum rate to be administered by the President under the limitation fixed by the law, the maximum to be available to meet the discrimination by foreign countries against American goods entering our markets, and the minimum representing the normal measure of protection at home, the aim and the purpose of Republican policy being not only to preserve without excessive duties the security against foreign competition to which American manufacturers, farmers, and producers are entitled, but also to maintain the high standard of living of the wage workers of this country, who are the most direct beneficiaries of the protective system.

Philippine tariff

Between the United States and the Philippines we believe in a free interchange of products with such limitations as to sugar and tobacco as will afford adequate protection to domestic interests.

1912 PLATFORM

The tariff policy

We reaffirm our belief in a protective tariff. The Republican tariff policy has been of the

greatest benefit to the country, developing our resources, diversifying our industries, and protecting our workmen against competition with cheaper labor abroad, thus establishing for our wage earners the American standard of living. The protective tariff is so woven into the fabric of our industrial and agricultural life that to substitute for it a tariff for revenue only would destroy many industries and throw millions of our people out of employment. The products of the farm and of the mind should receive the same measure of protection as other products of American labor.

We hold that the import duties should be high enough, while yielding a sufficient revenue, to protect adequately American industries and wages. Some of the existing import duties are too high and should be reduced. Readjustment should be made from time to time to conform to changing conditions and to reduce excessive rates, but without injury to any American industry. To accomplish this correct information is indispensable. This information can best be obtained by an expert commission, as the large volume of useful facts contained in the recent reports of the Tariff Board has demonstrated.

Tariff Board endorsed

The pronounced feature of modern industrial life is its enormous diversification. To apply tariff rates justly to these changing conditions requires closer study and more scientific methods than ever before. The Republican Party has shown by its creation of a Tariff Board its recognition of this situation and its determination to be equal to it. We condemn the Democratic Party for its failure either to provide funds for the continuance of this Board or to make some other provision for securing the information requisite for intelligent tariff legislation. We protest against the Democratic method of legislating on these vitally important subjects without careful investigation.

We condemn the Democratic tariff bills passed by the House of Representatives of the 62d Congress as sectional, as injurious to the public credit, and as destructive of business enterprise.

1916 PLATFORM

Tariff

The Republican Party stands now, as always, in the fullest sense for the policy of tariff protection to American industries and American labor and does not regard an antidumping provision as an adequate substitute.

Such protection should be reasonable in amount but sufficient to protect adequately American industries and American labor and so adjusted as to prevent undue exactions by monopolies or trusts. It should, moreover, give special attention to securing the industrial independence of the United States as in the case of dyestuffs.

Through wise tariff and industrial legislation our industries can be so organized that they will become not only a commercial bulwark but a powerful aid to national defense.

The Underwood Tariff Act is a complete failure in every respect. Under its administration imports have enormously increased in spite of the fact that intercourse with foreign countries has been largely cut off by reason of the war, while the revenues of which we stand in such dire need have been greatly reduced.

Under the normal conditions which prevailed prior to the war it was clearly demonstrated that this act deprived the American producer and the American wage earner of that protection which enabled them to meet their foreign competitors, and but for the adventitious conditions created by the war, would long since have paralyzed all forms of American industry and deprived American labor of its just reward.

It has not in the least degree reduced the cost of living, which has constantly advanced from the date of its enactment. The welfare of our people demands its repeal and the substitution of a measure which in peace as well as in war will produce ample revenue and give reasonable protection to all forms of American production in mine, forest, field, and factory.

We favor the creation of a tariff commission with complete power to gather and compile information for the use of Congress in all matters relating to the tariff.

1920 PLATFORM

International trade and tariff

The uncertain and unsettled condition of internal balances, the abnormal economic and trade situation of the world, and the impossibility of forecasting accurately even the near future, preclude the formulation of a definite program to meet conditions a year hence. But the Republican Party reaffirms its belief in the protective principle and pledges itself to a revision of the tariff as soon as conditions shall make it necessary for the preservation of the home market for American labor, agriculture, and industry.

1924 PLATFORM

The tariff

We affirm our belief in the protective tariff to extend needed protection to our productive industries. We believe in protection as a national policy with equal regard to all sections and to agriculture and industry. It is only by adherence to this policy that the interests of the consumers can be safeguarded and American agriculture, American labor, and American manufacturers be assured a return sufficient to perpetuate American standards of life.

A protective tariff is designed to support the high American economic level of life for the average family and to prevent a lowering to the levels of economic life prevailing in other lands. It is the history of the Nation that the protective system has ever justified itself by promoting industrial activity and employment, enormously increasing our purchasing power, restoring confidence, and bringing increased prosperity to all.

The tariff protection to our industry works for increased consumption of domestic agricultural products by an employed population instead of one unable to purchase the necessities of life. Without the strict maintenance of the tariff principle our farmers will need always to compete with cheap lands and cheap labor abroad, and with lower standards of living.

The enormous value of the protective principle has once more been demonstrated by the effects of the Emergency Tariff Act of 1921 and the Tariff Act of 1922.

We believe that the power of the President to decrease or increase any rate of duty in the tariff act furnishes a safeguard against excessive duties and against too low customs charges, and affords ample opportunity for tariff duties to be adjusted after a hearing that they may cover the actual differences in the cost of production in the United States and the principal competing countries of the world.

1928 PLATFORM

Tariff

We reaffirm our belief in the protective tariff as a fundamental and essential principle of the economic life of this Nation. While certain provisions of the present law require revision in the light of changes in the world competitive situation since its enactment, the record of the United States since 1922 clearly shows that the fundamental protective principle of the law has been fully justified. It has stimulated the development of our natural resources, provided fuller employment at higher wages through the promotion of industrial activity, assured thereby the continuance of the farmer's major market, and further raised the standards of

living and general comfort and well-being of our people. The great expansion in the wealth of our Nation during the past 50 years, and particularly in the past decade, could not have been accomplished without a protective tariff system designed to promote the vital interests of all classes.

Nor have these manifest benefits been restricted to any particular section of the country. They are enjoyed throughout the land either directly or indirectly. Their stimulus has been felt in industries, farming sections, trade circles, and communities in every quarter. However, we realize that there are certain industries which cannot now successfully compete with foreign producers because of lower foreign wages and a lower cost of living abroad, and we pledge the next Republican Congress to an examination and where necessary a revision of these schedules to the end that American labor in these industries may again command the home market, may maintain its standard of living, and may count upon steady employment in its accustomed field.

Adherence to that policy is essential for the continued prosperity of the country. Under it the standard of living of the American people has been raised to the highest levels ever known. Its example has been eagerly followed by the rest of the world whose experts have repeatedly reported with approval the relationship of this policy to our prosperity, with the resultant emulation of that example by other nations.

A protective tariff is as vital to American agriculture as it is to American manufacturing. The Republican Party believes that the home market, built up under the protective policy, belongs to the American farmer, and it pledges its support of legislation which will give this market to him to the full extent of his ability to supply it. Agriculture derives large benefits not only directly from the protective duties levied on competitive farm products of foreign origin but also, indirectly, from the increase in the purchasing power of the American workmen employed in industries similarly protected. These benefits extend also to persons engaged in trade, transportation, and other activities.

The Tariff Act of 1922 has justified itself in the expansion of our foreign trade during the past 5 years. Our domestic exports have increased from \$3,800,000,000 in 1922 to \$4,800,000,000 in 1927. During the same period imports have increased from \$3,100,000,000 to \$4,400,000,000. Contrary to the prophecies of its critics, the present tariff law has not hampered the natural growth in the exportation of the products of American agriculture, industry, and mining, nor has it restricted the importation of foreign commodities which this country can utilize without jeopardizing its economic structure.

The United States is the largest customer in the world today. If we were not prosperous and able to buy, the rest of the world also would suffer. It is inconceivable that American labor will ever consent to the abolition of protection, which would bring the American standard of living down to the level of that in Europe, or that the people in this country were curtailed and its market at home, if not destroyed, at least seriously impaired.

1932 PLATFORM

The tariff

The Republican Party has always been the staunch supporter of the American system of a protective tariff. It believes that the home market, built up under that policy, the greatest and richest market in the world, belongs first to American agriculture, industry, and labor. No pretext can justify the surrender of that market to such competition as would destroy our farms, mines, and factories, and lower the standard of living which we have established for our workers.

Because many foreign countries have recently abandoned the gold standard, as a

result of which the costs of many commodities produced in such countries have, at least for the time being, fallen materially in terms of American currency, adequate tariff protection is today particularly essential to the welfare of the American people. The Tariff Commission should promptly investigate individual commodities so affected by currency depreciation, and report to the President any increase in duties found necessary to equalize domestic with foreign costs of production.

To fix the duties on some thousands of commodities, subject to highly complex conditions, is necessarily a difficult technical task. It is unavoidable that some of the rates established by legislation should, even at the time of their enactment, be too low or too high. Moreover, a subsequent change in costs or other conditions may render obsolete a rate that was before appropriate. The Republican Party has, therefore, long supported the policy of a flexible tariff, giving power to the President, after investigation by an impartial commission and in accordance with prescribed principles, to modify the rates named by the Congress.

We commend the President's veto of the measure, sponsored by Democratic Congressmen, which would have transferred from the President to the Congress the authority to put into effect the findings of the Tariff Commission. Approval of the measure would have returned tariffmaking to politics and destroyed the progress made during 10 years of effort to lift it out of logrolling methods. We pledge the Republican Party to a policy which will retain the gains made and enlarge the present scope of greater progress.

We favor the extension of the general Republican principle of tariff protection to our natural-resource industries, including the products of our farms, forests, mines, and oil wells, with compensatory duties on the manufactured and refined products thereof.

1936 PLATFORM

Tariff

Nearly 60 percent of all imports into the United States are now free of duty. The other 40 percent of imports complete directly with the product of our industry. We would keep on the free list all products not grown or produced in the United States in commercial quantities. As to all commodities that commercially compete with our farms, our forests, our mines, our fisheries, our oil wells, our labor, and our industries, sufficient protection should be maintained at all times to defend the American farmer and the American wage earner from the destructive competition emanating from the subsidies of foreign governments and the imports from low-wage and depreciated-currency countries.

We will repeal the present reciprocal-trade-agreement law. It is futile and dangerous. Its effect on agriculture and industry has been destructive. Its continuation would work to the detriment of the wage earner and farmer.

We will restore the principle of the flexible tariff in order to meet changing economic conditions here and abroad and broaden by careful definition the powers of the Tariff Commission in order to extend this policy along nonpartisan lines.

We will adjust tariffs with a view to promoting international trade, the stabilization of currencies, and the attainment of a proper balance between agriculture and industry.

We condemn the secret negotiation of reciprocal trade treaties without public hearing or legislative approval.

1940 PLATFORM

Tariff and reciprocal trade

We are threatened by unfair competition in world markets and by the invasion of our home markets, especially by the products of State-controlled foreign economies.

We believe in tariff protection for agriculture, labor, and industry, as essential to our American standard of living. The measure of the protection shall be determined by scientific methods with due regard to the interest of the consumer.

We shall explore every possibility of re-opening the channels of international trade through negotiations so conducted as to produce genuine reciprocity and expand our exports.

We condemn the manner in which the so-called reciprocal trade agreements of the New Deal have been put into effect without adequate hearings, with undue haste, without proper consideration of our domestic producers, and without congressional approval. These defects we shall correct.

1944 PLATFORM

Foreign trade

We assure American farmers, livestock producers, workers, and industry that we will establish and maintain a fair protective tariff on competitive products so that the standards of living of our people shall not be impaired through the importation of commodities produced abroad by labor or producers functioning upon lower standards than our own.

If the postwar world is to be properly organized, a great extension of world trade will be necessary to repair the wastes of war and build an enduring peace. The Republican Party, always remembering that its primary obligation, which must be fulfilled, is to our own workers, our own farmers, and our own industry, pledges that it will join with others in leadership in every cooperative effort to remove unnecessary and destructive barriers to international trade. We will always bear in mind that the domestic market is America's greatest market and that tariffs which protect it against foreign competition should be modified only by reciprocal bilateral trade agreements approved by Congress.

1948 PLATFORM

At all times safeguarding our own industry and agriculture, and under efficient administrative procedures for the legitimate consideration of domestic needs, we shall support the system of reciprocal trade and encourage international commerce.

1952 PLATFORM

The 1952 platform of the Republican Party, adopted at the Republican National Convention in Chicago, Ill., on July 10, declared this policy on foreign trade:

"We favor the expansion of mutually advantageous world trade.

"To further this objective we shall press for the elimination of discriminatory practices against our exports such as preferential tariffs, monetary license restrictions, and other arbitrary devices. Our reciprocal trade agreements will be entered into and maintained on a basis of true reciprocity and to safeguard our domestic enterprises and the payrolls of our workers against unfair foreign competition."

THE POSITION OF THE DEMOCRATIC PARTY ON TARIFFS FROM 1856 TO 1948

1856 PLATFORM

Resolved, That there are questions connected with the foreign policy of this country which are inferior to no domestic question whatever. The time has come for the people of the United States to declare themselves in favor of free seas and progressive free trade throughout the world, and, by solemn manifestations, to place their moral influence at the side of their successful example.

1860 PLATFORM

No mention of tariffs.

1864 PLATFORM

No mention of tariffs.

1868 PLATFORM

Plank 6: "And a tariff for revenue upon foreign imports."

1872 PLATFORM

Plank 6: "And recognizing that there are in our midst honest but irreconcilable differences of opinion with regard to the respective systems of protection and free trade, we remit the discussion of the subject to the people in their congressional districts, and to the decision of the Congress thereon, wholly free from executive interference or dictation."

1878 PLATFORM

We denounce the present tariff, levied upon nearly 4,000 articles, as a masterpiece of injustice, inequality, and false pretense. It yields a dwindling, not a yearly rising, revenue. It has impoverished many industries to subsidize a few. It prohibits imports that might purchase the products of American labor. It has degraded American commerce from the first to an inferior rank on the high seas. It has cut down the sales of American manufacturers at home and abroad, and depleted the returns of American agriculture—an industry followed by half our people. It costs the people five times more than it produces to the Treasury, obstructs the processes of production, and wastes the fruits of labor. It promotes fraud, fosters smuggling, enriches dishonest officials, and bankrupts honest merchants. We demand that all customhouse taxation shall be only for revenue.

1880 PLATFORM

No mention of tariffs.

1884 PLATFORM

The Democratic Party is pledged to revise the tariff in a spirit of fairness to all interests. But, in making reduction in taxes, it is not proposed to injure any domestic industries, but rather to promote their healthy growth. From the foundation of this Government, taxes collected at the customhouse have been the chief source of Federal revenue. Such they must continue to be. Moreover, many industries have come to rely upon legislation for successful continuance, so that any change of law must be at every step regardful of the labor and capital thus involved. The process of reform must be subject in the execution to this plain dictate of justice; all taxation shall be limited to the requirements of economical government. The necessary reduction and taxation can and must be effected without depriving American labor of the ability to compete successfully with foreign labor, and without imposing lower rates of duty than will be ample to cover any increased cost of production which may exist in consequence of the higher rate of wages prevailing in this country. Sufficient revenue to pay all the expenses of the Federal Government, economically administered, including pensions, interest, and principal of the public debt, can be got under our present system of taxation from the customhouse taxes on fewer imported articles, bearing heaviest on articles of luxury and bearing lightest on articles of necessity. We, therefore, denounce the abuses of the existing tariff, and, subject to the preceding limitations, we demand that Federal taxation shall be exclusively for public purposes, and shall not exceed the needs of the Government, economically administered.

1888 PLATFORM

Tariff reform

Our established domestic industries and enterprises should not and need not be endangered by the reduction and correction of the burdens of taxation. On the contrary, a fair and careful revision of our tax laws, with due allowance for the difference between the wages of American and foreign labor, must promote and encourage every

branch of such industries and enterprises by giving them assurance of an extended market and steady and continuous operations. In the interests of American labor, which should in no event be neglected, the revision of our tax laws contemplated by the Democratic Party should promote the advantage of such labor by cheapening the cost of necessities of life in the home of every workingman and at the same time securing to him steady and remunerative employment. Upon this question of tariff reform, so closely concerning every phase of our national life, and upon every question involved in the problem of good government, the Democratic Party submits its principles and professions to the intelligent suffrages of the American people.

Reduction of revenue

Resolved, That this convention hereby endorses and recommends the early passage of the bill for the reduction of the revenue now pending in the House of Representatives.

1892 PLATFORM

Tariff legislation

SEC. 3. We denounce Republican protection as a fraud—a robbery of the great majority of the American people for the benefit of the few. We declare it to be a fundamental principle of the Democratic Party that the Federal Government has no constitutional power to impose and collect tariff duties, except for the purposes of revenue only, and we demand that the collection of such taxes shall be limited to the necessities of the Government when honestly and economically administered.

We denounce the McKinley tariff law enacted by the Fifty-first Congress as the culminating atrocity of class legislation; we endorse the efforts made by the Democrats of the present Congress to modify its most oppressive features in the direction of free raw materials and cheaper manufactured goods that enter into general consumption, and we promise its repeal as one of the beneficent results that will follow the action of the people in intrusting power to the Democratic Party. Since the McKinley tariff went into operation there have been 10 reductions of the wages of the laboring men to 1 increase. We deny that there has been any increase of prosperity to the country since that tariff went into operation, and we point to the dullness and distress, to the wage reductions and strikes in the iron trade, as the best possible evidence that no such prosperity has resulted from the McKinley Act.

We call the attention of thoughtful Americans to the fact that, after 30 years of restrictive taxes against the importation of foreign wealth in exchange for our agricultural surplus, the homes and farms of the country have become burdened with a real-estate mortgage debt of over \$2,500,000,000, exclusive of all other forms of indebtedness; that in one of the chief agricultural States of the West there appears a real-estate mortgage debt averaging \$165 per capita of the total population, and that similar conditions and tendencies are shown to exist in the other agricultural-exporting States. We denounce a policy which fosters no industry so much as it does that of the sheriff.

Reciprocity

SEC. 4. Trade interchange on the basis of reciprocal advantages to the countries participating is a time-honored doctrine of the Democratic faith, but we denounce the sham reciprocity which juggles with the people's desire for enlarge foreign markets and freer exchanges, by pretending to establish closer trade relations for a country whose articles of export are almost exclusively agricultural products, with other countries that are also agricultural, while erecting a customhouse barrier of prohibitive tariff taxes against the richest countries of the world, that stand

ready to take our entire surplus of products, and to exchange therefor commodities which are necessities and comforts of life among our own people.

1896 PLATFORM

Tariff resolution

We hold that tariff duties should be levied for purposes of revenue, such duties to be so adjusted as to operate equally throughout the country, and not discriminate between class or section, and that taxation should be limited by the needs of the Government, honestly and economically administered. We denounce as disturbing to business the Republican threat to restore the McKinley law, which has twice been condemned by the people in national elections, and which, enacted under the false plea of protection to home industry, proved a prolific breeder of trusts and monopolies, enriched the few at the expense of the many, restricted trade, and deprived the producers of the great American staples of access to their natural markets.

Until the money question is settled we are opposed to any agitation for further changes in our tariff laws, except such as are necessary to meet the deficit in revenue caused by the adverse decision of the Supreme Court on the income tax. But for this decision by the Supreme Court, there would be no deficit in the revenue under the law passed by a Democratic Congress in strict pursuance of the uniform decisions of that Court for nearly 100 years, that Court having in that decision sustained constitutional objections to its enactment, which had previously been overruled by the ablest judges who have ever sat on that bench. We declare that it is the duty of Congress to use all the constitutional power which remains after that decision, or which may come from its reversal by the Court as it may hereafter be constituted, so that the burdens of taxation may be equally and impartially laid, to the end that wealth may bear its due proportion of the expense of the Government.

1900 PLATFORM

The free list as a remedy

Tariff laws should be amended by putting the products of trusts upon the free list, to prevent monopoly under the plea of protection.

The Dingley tariff law

We condemn the Dingley tariff law as a trust-breeding measure, skillfully devised to give the few favors which they do not deserve and to place upon the many burdens which they should not bear.

1904 PLATFORM

Tariff legislation

The Democratic Party has been and will continue to be the consistent opponent of that class of tariff legislation by which certain interests have been permitted, through congressional favor, to draw a heavy tribute from the American people. This monstrous prevention of those equal opportunities which our political institutions were established to secure has caused what may once have been infant industries to become the greatest combinations of capital that the world has ever known. These especial favorites of the Government have, through trust methods, been converted into monopolies, thus bringing to an end domestic competition, which was the only alleged check upon the extravagant profits made possible by the protective system. These industrial combinations, by the financial assistance they can give, now control the policy of the Republican Party.

We denounce protection as a robbery of the many to enrich the few, and we favor a tariff limited to the needs of the Government, economically administered, and so levied as not to discriminate against any industry, class, or section, to the end that the

burdens of taxation shall be distributed as equally as possible.

We favor a revision and a gradual reduction of the tariff by the friends of the masses and for the common weal, and not by the friends of its abuses, its extortions, and its discriminations, keeping in view the ultimate ends of "equality of burdens and equality of opportunities," and the constitutional purpose of raising a revenue by taxation, to wit, the support of the Federal Government in all its integrity and virility, but in simplicity.

1908 PLATFORM

Tariff

We welcome the belated promise of tariff reform, now offered by the Republican Party, as a tardy recognition of the righteousness of the Democratic position on this question; but the people cannot safely intrust the execution of this important work to a party which is so deeply obligated to the highly protected interests as is the Republican Party. We call attention to the significant fact that the promised relief is postponed until after the coming election—an election to succeed in which the Republican Party must have that same support from the beneficiaries of the high protective tariff as it has always heretofore received from them; and to the further fact that during years of uninterrupted power no action whatever has been taken by the Republican Congress as to correct the admittedly existing tariff inequities.

We favor immediate revision of the tariff by the reduction of import duties. Articles entering into competition with trust-controlled products should be placed upon the free list; material reductions should be made in the tariff upon the necessities of life, especially upon articles competing with such American manufactures as are sold abroad more cheaply than at home; and gradual reductions should be made in such other schedules as may be necessary to restore the tariff to a revenue basis.

Existing duties have given the manufacturers of paper a shelter behind which they have organized combinations to raise the price of pulp and paper, thus imposing a tax upon the spread of knowledge. We demand the immediate repeal of the tariff on wood pulp, print paper, lumber, timber and logs, and that those articles be placed upon the free list.

1912 PLATFORM

Tariff reform

We declare it to be a fundamental principle of the Democratic Party that the Federal Government, under the Constitution, has no right or power to impose or collect tariff duties except for the purpose of revenue, and we demand that the collection of such taxes shall be limited to the necessities of Government honestly and economically administered.

The high Republican tariff is the principal cause of the unequal distribution of wealth. It is a system of taxation which makes the rich richer and the poor poorer. Under its operations the American farmer and laboring man are the chief sufferers. It raises the cost of the necessities of life to them, but does not protect their product or wages. The farmer sells largely in free markets and buys almost entirely in the protected markets. In the most highly protected industries, such as cotton and wool, steel and iron, the wages of the laborers are the lowest paid in any of our industries. We denounce the Republican pretense on that subject and assert that American wages are established by competitive conditions and not by the tariff.

We favor the immediate downward revision of the existing high, and in many cases prohibitive tariff duties, insisting that material reductions be speedily made upon the neces-

saries of life. Articles entering into competition with trust-controlled products and articles of American manufacture which are sold abroad more cheaply than at home should be put upon the free list.

We recognize that our system of tariff taxation is intimately connected with the business of the country, and we favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry.

We denounce the action of President Taft in vetoing the bills to reduce the tariff in the cotton, woolen, metal, and chemical schedules and the farmer's free-list bill, all of which were designed to give immediate relief to the masses from the exactions of the trusts.

The Republican Party, while promising tariff revision, has shown by its tariff legislation that such revision is not to be in the people's interest; and having been faithless to its pledges of 1908, it should no longer enjoy the confidence of the Nation. We appeal to the American people to support us in our demand for a tariff for revenue only.

1916 PLATFORM

Tariff

We reaffirm our belief in the doctrine of a tariff for the purpose of providing sufficient revenue for the operation of the Government economically administered and unreservedly indorse the Underwood tariff law as truly exemplifying that doctrine. We recognize that tariff rates are necessarily subject to change to meet changing conditions in the world's production and trade. The events of the last 2 years have brought about many momentous changes. In some respects their effects are yet conjectural and wait to be disclosed, particularly in regard to our foreign trade.

Two years of a war which has directly involved most of the chief industrial nations of the world and which has indirectly affected the life and industry of all nations, are bringing about economic changes more varied and far-reaching than the world has even before experienced. In order to ascertain just what those changes may be, the Democratic Congress is providing for a non-partisan tariff commission to make impartial and thorough study of every economic fact that may throw light either upon our past or upon our future fiscal policy with regard to the imposition of taxes on imports or with regard to the changed and changing conditions under which our trade is carried on. We cordially endorse this timely proposal and declare ourselves in sympathy with the principle and purpose of shaping legislation within that field in accordance with clearly established facts rather than in accordance with the demands of selfish interests or upon information provided largely if not exclusively, by them.

1920 PLATFORM

The tariff

We reaffirm the traditional policy of the Democratic Party in favor of a tariff for revenue only and we confirm the policy of basing tariff revisions upon the intelligent research of a nonpartisan commission, rather than upon the demands of selfish interests, temporarily held in abeyance.

1924 PLATFORM

Tariff and taxation

The Fordney-McCumber Tariff Act is the most unjust, unscientific, and dishonest tariff tax measure ever enacted in our history. It is class legislation, which defrauds all the people for the benefit of a few; it heavily increases the cost of living, penalizes agriculture, corrupts the Government, fosters paternalism, and, in the long run, does not benefit the very interests for which it was enacted.

We denounce the Republican tariff laws which are written in great part in aid of monopolies and thus prevent that reasonable exchange of commodities which would enable foreign countries to buy our surplus agricultural and manufactured products with resultant benefit to the tollers and producers of America. Trade interchange, on the basis of reciprocal advantages to the countries participating, is a time-honored doctrine of Democratic faith. We declare our party's position to be in favor of a tax on commodities entering the customhouses that will promote effective competition, protect against monopoly, and at the same time produce a fair revenue to support the Government.

The greatest contributing factor in the increase and unbalancing of prices is unscientific taxation. After having increased taxation and the cost of living by \$2 billion, under the Fordney-McCumber tariff, all that the Republican Party could suggest in the way of relief was a cut of \$300 million in direct taxes; and that was to be given principally to those with the largest incomes. Although there was no evidence of a lack of capital for investment to meet the present requirements of all legitimate industrial enterprises, and although the farmers and general consumers were bearing the brunt of tariff favors already granted to special interests, the administration was unable to devise any plan except one to grant further aid to the few. Fortunately this plan of the administration failed, and, under Democratic leadership aided by progressive Republicans, a more equitable one was adopted, which reduces direct taxes by about \$450 million.

1928 PLATFORM

Tariff

The Democratic tariff legislation will be based on the following policies:

(a) The maintenance of legitimate business and a high standard of wages for American labor.

(b) Increasing the purchasing power of wages and income by the reduction of those monopolistic and extortionate tariff rates bestowed in payment of political debts.

(c) Abolition of logrolling and restoration of the Wilson conception of a fact-finding Tariff Commission, quasi-judicial and free from the Executive domination which has destroyed the usefulness of the present Commission.

(d) Duties that will permit effective competition, insure against monopoly, and at the same time produce a fair revenue for the support of Government. Actual difference between the cost of production at home and abroad, with adequate safeguard for the wage of the American laborer, must be the extreme measure of every tariff rate.

(e) Safeguarding the public against monopoly created by special tariff favors.

(f) Equitable distribution of the benefits and burdens of the tariff among all.

Wage earner, farmer, stockman, producer, and legitimate business in general have everything to gain from a Democratic tariff based on justice to all.

1932 PLATFORM

We advocate a competitive tariff for revenue, with a fact-finding Tariff Commission free from Executive interference, reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

We condemn the Hawley-Smoot tariff law, the prohibitive rates of which have resulted in retaliatory action by more than 40 countries, created international economic hostilities, destroyed international trade, driven our factories into foreign countries, robbed the American farmer of his foreign markets, and increased the cost of production.

1946 PLATFORM

Foreign policy

We shall continue to foster the increase in our foreign trade which has been achieved by this administration; to seek by mutual agreement the lowering of those tariff barriers, quotas, and embargoes which have been raised against our exports of agricultural and industrial products; but continue as in the past to give adequate protection to our farmers and manufacturers against unfair competition or the dumping on our shores of commodities and goods produced abroad by cheap labor or subsidized by foreign governments.

1940 PLATFORM

We shall * * * observe and advocate international respect for the rights of others and for treaty obligations; cultivate foreign trade through desirable trade agreements; and foster economic collaboration with the republics of the Western Hemisphere.

1944 PLATFORM

V. We shall uphold the good-neighbor policy, and extend the trade policies initiated by the present administration.

1948 PLATFORM

We pledge ourselves to restore the reciprocal trade agreements program formulated in 1934 by the Secretary of State Cordell Hull and operated successfully for 14 years, until crippled by the Republican Eightieth Congress. Further, we strongly endorse our country's adherence to the International Trade Organization.

1952 PLATFORM

At the 1952 Democrat National Convention the party included the following plank in its platform:

"EXPANDING WORLD TRADE

"The Democratic Party has always stood for expanding trade among free nations. We reassert that stand today. We vigorously oppose any restrictive policies which would weaken the highly successful reciprocal trade program fathered by Cordell Hull.

"Since 1934 the United States has taken the lead in fostering the expansion and liberalization of world trade.

"Our own economy requires expanded export markets for our manufactured and agricultural products and a greater supply of the essential imported raw materials. At the same time, our friends throughout the world will have opportunity to earn their own way to higher living standards with lessened dependence on our aid."

TARIFF HISTORY, 1780-1949

Mr. MALONE. Mr. President, in addition to the documentation of the political platforms, I compiled a short tariff history of the United States, a definition of tariffs, and the period through which the tariff policy had passed.

It may be very interesting to my colleagues of the Senate if they have the time to review it.

At least I predict that it will become interesting to them in the very near future—when it becomes crystal clear as to the real objectives of the foreign low-wage standard of living of nations of the world in their designs on our markets.

I ask unanimous consent at this time to have included in the RECORD at this point in my remarks the tariff history of the United States to which I have referred, which appears at pages 56 to 58 of the reprint of my debates of 1949.

There being no objection, the tariff history was ordered to be printed in the RECORD, as follows:

A SHORT TARIFF HISTORY OF THE UNITED STATES

I. DEFINITION OF TARIFFS

There are two basically different kinds of tariffs:

- (a) Revenue tariffs.
- (b) Protective tariffs.

A revenue tariff is one which is levied on imports with the objective of raising the maximum revenue for the support of the Government. To maximize revenue it is necessary to have large imports which require low tariff rates.

A protective tariff is one which is designed to protect domestic manufactures, or mining, or agriculture from imports from abroad. The more protective a tariff is, the more it will keep out imports. A tariff which is 100-percent protective will keep out all imports. Hence, a completely protected tariff will yield no revenue to the government since there will be no imports.

II. HISTORY OF UNITED STATES TARIFFS FROM 1780 TO 1949

A short survey of tariff history of the United States can be best described by dividing it into seven periods.

A. The period 1780 to 1789 (American Government under the Articles of Confederation).

B. The period 1789 to 1816 (interval from the establishment of the United States under the Constitution to the end of the War of 1812).

C. The period 1816 to 1861 (interval from the end of the War of 1812 to the beginning of the Civil War).

D. The period 1861 to 1913 (interval from the Civil War to Woodrow Wilson's free-trade program).

E. The period 1913 to 1921 (interval of free-trade tariffs under Woodrow Wilson and the Democrats).

F. The period 1921 to 1934 (interval of protective tariffs under Republican administration).

G. The period 1934 to 1949 (interval of trade agreements and free trade).

The principal development during each of these seven periods will be described in order.

A. Confederation period, 1780-89

When the 13 American Colonies declared their independence from England, they formed a provisional Government in 1776 known as the Confederation Government which provided for a Continental Congress. The new Government operated under the Articles of Confederation which were finally ratified in 1781.

Under the Confederation Government, the individual States levied numerous tariffs, many of which were definitely protective tariffs.

During the period from 1780 to 1789 Pennsylvania enacted 15 tariff acts; Virginia, 12; Massachusetts, New York, and Maryland, 7 each; Connecticut, 6; and the other States a lesser number.

The tariffs levied in the Middle Atlantic and New England States were protective tariffs or for purposes of retaliation, while those of the southern States were chiefly revenue tariffs.

B. Period from 1789 to 1816

With the establishment of the United States Government in 1789, control over foreign commerce was reserved to the Federal Government so that the individual States lost their power to levy import duties. The new Congress under the Constitution met for the first time on March 4, 1789, and its first act was to levy a tariff primarily for revenue purposes.

During the period from 1789 to 1816 numerous tariff acts were passed, but the first time a definite protective tariff system was passed was in 1816, after the close of the War of 1812. It was designed to protect the infant manufacturing industries that had

sprung up during the war from a flood of cheap postwar manufactured products from England.

The revenue tariff passed in 1789 provided for import duties ranging from 5 percent to 15 percent, with no commodities on the free list. A 5 percent duty was levied on all commodities not otherwise enumerated.

From 1789 to the beginning of the War of 1812, Congress passed 13 tariff laws, raising duties on some commodities to secure higher revenues and placing other commodities on the free list.

The average level of tariffs from 1791 to 1812, found by dividing the duties collected by the value of the dutiable imports each year, ranged from 11.2 percent in 1795 to 37.2 percent in 1808. The level of tariffs for each year from 1791 to 1812 is as follows:

Rate of duty on dutiable imports

Year:	Percent
1791-----	15.34
1792-----	11.54
1793-----	14.68
1794-----	17.10
1795-----	11.21
1796-----	12.02
1797-----	15.60
1798-----	19.99
1799-----	19.70
1800-----	17.42
1801-----	16.61
1802-----	30.67
1803-----	20.52
1804-----	22.76
1805-----	19.19
1806-----	21.22
1807-----	20.09
1808-----	37.22
1809-----	18.80
1810-----	14.07
1811-----	35.62
1812-----	13.07

The average level of tariffs for the 10-year period from 1791 to 1800 was just under 15 percent (14.89 percent) while for the 10-year period 1801 to 1810 it was 21.4 percent.

It is of great interest to note that during the first two decades of the Republic the tariff level ranged from 15 to 21 percent, a period when tariffs were primarily for revenue and not for protection. This was the free-trade period in American tariff history. Yet last year, 1948, the average tariffs on dutiable imports were only 13.7 percent, an amount lower than during the first 25 years of our history. It can truly be said that today America is a free-trade country, with the lowest level of tariffs in its history, with tariffs lower than the revenue tariffs of 150 years ago.

C. Tariffs from 1816 to 1861

The 45-year period from 1816 to the Civil War in 1861 was marked by the inauguration of a protective-tariff system in 1816 just after the close of the War of 1812. Increasing protection was given manufactures for the next 15 to 20 years, after which the level of protective tariffs showed a downward trend to 1861.

The upward trend of protective tariffs to 1830 and the trend toward lower protective tariffs from 1830 to 1860 is indicated in the average tariff level by 10-year periods from 1810 to 1860. These were as follows:

Duties collected as a percent of the value of dutiable imports

10-year period:	Percent
1811-20-----	24.06
1821-30-----	37.47
1831-40-----	31.22
1841-50-----	27.01
1851-60-----	24.06

While protective tariffs when averaged for 10-year periods varied from a low of 24 percent to a high of 37 percent, the range for individual years was much greater. In 1830 the tariff level was 47.59 percent and was in

excess of 40 percent for the years 1826, 1828, 1829, 1833, and 1835. For the 10 years ending in 1845, with the exception of one year, the tariff level was never less than 25 percent and never over 30 percent. From a level of 30 percent in 1845 the tariff declined gradually during the next 15 years to a level of only 19 and a fraction percent for the years 1859, 1860, and 1861. This was the lowest tariff level reached until 1920 when the Willsonian free trade tariff took effect at the end of World War I.

The principal tariff acts passed between 1816 and 1861 were the acts of 1816, 1824, 1828, 1833, 1842, 1846, and 1857. The first three of these acts (1816, 1824, and 1828) raised tariffs and gave a high degree of protection to cotton and woolen goods and to some kinds of iron. In the tariff of 1828, for example, tariffs on woolen goods reached 100 percent ad valorem.

Beginning with the tariff act of 1833, protective duties were lowered in each successive tariff act with the exception of the 1842 act which raised tariffs for the 4-year period from 1842 to 1846. The Walker Tariff Act of 1846 and the Tariff Act of 1857 brought about substantial reductions in tariffs, the average tariff level falling from 29.2 percent in 1846 to 19.1 percent in 1861.

It was during the congressional battles over the tariff acts of 1828 and 1833 that the split between the South and the North over protective tariffs became acute, the South favoring tariffs for revenue only and the North favoring high tariffs to protect manufacturers which were rapidly expanding in the Northern States.

D. Tariffs from 1861 to 1913

The 53-year period from the beginning of the Civil War to the inauguration of Woodrow Wilson in 1913 was a period when the Republican Party was in power almost all of the time and when the tariffs were maintained consistently at a protectionist level. The annual level of the tariff by 10-year periods from 1860 to 1913 never fell below 40 percent and never rose much above 40 percent, although the level nearly reached 50 percent from 1898 to 1904. The average annual tariff level by decades during this period was as follows:

Tariff level (annual average)

10-year period:	Percent
1861-70-----	44.62
1871-80-----	41.95
1881-90-----	44.53
1891-1900-----	46.73
1901-10-----	45.20

During the Civil War period from 1861 to 1865 a series of tariff acts was passed, the net effect of which was to raise the level of tariffs from 19.1 percent in 1861 to 53.1 percent in 1865. Tariffs were raised for three reasons: To increase revenues to help finance the war; to provide additional protection for manufacturing; and to impose countervailing duties to equal the internal-revenue taxes levied on various manufactured products as a means of helping to finance the war.

During the first few years after the war ended in 1865 tariffs were lowered on various commodities, such as coffee, tea, sugar, spices, etc., but these were revenue tariffs. At the same time tariff duties on woolens and other manufactured goods of certain kinds were increased. The net effect was to maintain the protective-tariff general level above 40 percent, or over twice that when the war began.

The election of Grover Cleveland on the Democratic ticket in 1892 led to the passage of the Wilson Tariff Act (named for the Congressman who introduced the bill) in 1894. Some duties were reduced under the 1894 act, but the net effect on the general level of tariffs was slight.

When the Republicans came back into power with the election of McKinley in 1896, they quickly passed a new tariff act on July 24, 1897, known as the Dingley Act. This act provided for substantial increases in protective-tariff duties on many commodities so that for the next 7 years the average tariff level was about 50 percent. This was the peak level of protective tariffs for a 7-consecutive-year period throughout our entire history.

This 7-year period of high protective tariffs averaging about 50 percent came to an end with the year 1904. For this year the tariff level was 49 percent and gradually sank year by year to a level of 40 percent for the year 1913.

Brief mention should be made of the Payne-Aldrich Tariff Act passed in 1909 by the Republicans under President Taft. Both major parties in the election of 1908 adopted a plank in their platform favoring a downward revision of the tariff. This tariff act provided for reductions in tariffs on 584 items and for increases on 300 items, many of which were on cotton goods of various types. The net effect of this tariff was to bring about a slight decrease in the tariff level from 1909 to 1913. The tariff level fell from 43 percent in 1909 to 40 percent in 1913.

E. Tariffs from 1913 to 1921

In the election campaign of 1912 the Republican Party came out boldly in its platform in favor of protective tariffs, while the Democratic Party platform came out flatly opposed to all protective tariffs and stated it believed in tariffs for revenue only. In fact the Democratic platform went so far as to assert the following:

"We declare it to be a fundamental principle of the Democratic Party that the Federal Government, under the Constitution, has no right or power to impose or collect tariff duties except for the purpose of revenue."

Because of the split in the Republican Party occasioned by Teddy Roosevelt's formation of the Bull Moose Party, the Democrats won the election and Woodrow Wilson became President on March 4, 1913.

The first thing Congress did after Wilson's inauguration was to take up the question of revision of the tariffs and on October 3, 1913, the Underwood Tariff Act was passed. The Underwood tariff reduced tariffs on many commodities and eliminated tariffs entirely on a large number of commodities, placing them on the free list.

Under the Underwood tariff the following commodities were deprived of all tariffs and placed on the free list: Raw wool; metals; agricultural products including live cattle, meats, wheat, corn, flax, tea, hemp; and numerous manufactures including boots, shoes, gunpowder, woodpulp, and print paper.

The full economic effects of these drastic reductions in tariffs could not be measured during the immediate years that followed because 9 months after the passage of the act, World War I broke out in Europe. The war greatly increased the demand for United States exports and greatly reduced imports from Europe at the same time that imports increased from other continents. But even so a pronounced drop in the tariff level occurred between 1914 and 1918 which became even greater in the 2 years following the war. The tariff level by years from 1913 to 1920 was as follows:

	Percent
1913-----	40.1
1914-----	37.6
1915-----	33.4
1916-----	30.7
1917-----	27.2
1918-----	24.4
1919-----	21.3
1920-----	16.4

These levels of tariff just described are the ratio between the value of duties collected and the value of dutiable imports. If the value of imports on the free list are included, the tariff level for 1921 was only 6.4 percent compared with 17.7 percent for 1913.

It is of interest to note that the level of protective tariffs fell over 50 percent in 5 years and fell 33 percent during the 2-year period 1918 to 1920. It is also significant to note that a slump in prices and widespread unemployment accompanied these rapid reductions in protective tariffs.

So disastrous had become the fall in prices and unemployment in 1920, particularly the fall in agricultural prices, that an emergency tariff was rushed through May 28, 1921. The return of the Republican Party to power in the Presidential election in November 1920 paved the way for new tariff legislation providing for adequate protective tariffs.

F. Tariffs from 1921 to 1934

During the 14-year period from 1921 to 1934 three important tariff acts were passed; the Emergency Tariff Act of 1921, the Fordney-McCumber Tariff Act of 1922, and the Hawley-Smoot Tariff Act of 1930.

The Emergency Tariff Act of 1921

The Emergency Tariff Act of 1921 was rushed through primarily for three reasons. In the first place, it was to satisfy the widespread demand of American farmers for protection from imports of foreign agricultural products. In the second place, it was to prevent the dumping of foreign-produced goods in the United States at prices below the foreigners' cost of production. Finally, in the third place, it was to provide for the protection of American producers against the devaluation of foreign currencies, a device which was widespread after World War I as a means of circumventing protective tariffs of other countries.

The tremendous slump in farm prices following loss of foreign markets threatened the American farmer with competition from foreign agricultural producers and was the principal reason for rushing through the tariff legislation in 1921. Protective duties were levied on imports of wheat, flax seed, corn, beans, peanuts, potatoes, onions, rice, peanut, cottonseed, and soya bean oils, cattle, sheep, and fresh or frozen meats. The import duty levied on wheat was 35 cents per bushel, on corn 15 cents per bushel, on potatoes 25 cents per bushel, on beans 2 cents per pound, and sheep \$2 per head, on fresh or frozen meats 2 cents per pound, on peanuts 3 cents per pound, on rice 2 cents per pound, on cattle 30 percent ad valorem, and meats of all kinds, prepared or preserved, not specially provided for, 25 percent ad valorem. Protective duties were also levied on cotton, wool, sugar, butter, cheese, milk, tobacco, apples, cherries, and other products.

The Fordney-McCumber Tariff Act of 1922

The emergency act of 1921 was superseded the following year by the Fordney-McCumber Tariff Act of 1922.

Since the passage of the Underwood Tariff Act in 1913 drastic changes in the economic conditions in the United States and other countries had occurred as a result of World War I and the conditions which followed the war. These changes in conditions in world production and trade required a reappraisal of American tariff policy. In general the tariff adjustments of 1922 took the form of higher duties. The enactment of higher import duties in 1922 may be attributed to the following five causes:

1. Fear of excessive imports following the cessation of hostilities and the return to more normal conditions.

2. The demand for higher duties by a number of industries, especially chemical and mineral, newly created or greatly expanded as a result of the extraordinary demands made upon them by the shutting off of foreign sources of supply during the war.

3. The increased competition encountered by staple agricultural products resulting from overproduction in domestic areas under the stimulus of war conditions and the return to production of low-cost areas developed during the war as well as by the return to production in various war areas.

4. The demand that industries producing material essential to war be encouraged.

5. Changes in economic conditions resulting from depreciation of currency in many European countries and from the depression of 1921.

The professed general objective of the 1922 tariff act was to restore import duties to approximately the level prevailing before the Underwood Tariff Act of 1913. In the majority of schedules this was actually done although in individual cases duties were lowered while in other cases they were raised above the 1913 level. For example duties were raised on chemicals, oils, and paints from 22 percent to 29 percent ad valorem, on metals and manufactures of metals, from 24 percent to 33 percent ad valorem, and on wood and manufactures of wood, from 13 percent to 24 percent. On the other hand, import duties on tobacco and manufactures of tobacco were reduced from 83 percent to 54 percent, while duties on spirits, wines, and other beverages were reduced from 90 percent to 39 percent ad valorem. The net effect of all the changes can be seen by comparing the ad valorem rate of duty on dutiable imports for the year 1914 and the year 1926, 4 years after the passage of the act. In 1926 import duties collected averaged 39 percent of the value of all dutiable imports compared with 38 percent for the year 1914. For the entire period from the passage of the Fordney-McCumber Act, September 22, 1922, to the passage of the Hawley-Smoot law, June 18, 1930, the average import duties were 38.5 percent of the value of all dutiable imports.

Under the Payne-Aldrich tariff from 1909 to 1913 import duties were 40.8 percent of the value of dutiable imports. Hence, it will be seen that the protective tariffs under the Republicans during the decade following World War I were lower than the tariffs prior to the First World War. Furthermore, during the decade of the 1920's a larger percent of our imports came in free of any duties than during the prewar period, 1909 to 1913. During the decade of the 1920's 64 percent of all our imports came in free of duty while only 53 percent of all imports came in free of duty during the period 1909 to 1913.

Flexible Tariff Provisions

The Tariff Act of 1922 also provided, in section 315, for a system of flexible tariffs in order to equalize foreign and domestic costs of production. The President was authorized to increase or decrease existing rates of duties by not more than 50 percent after investigation by the Tariff Commission. Very few changes, however, were made under this authorization prior to 1934 and, in these cases where the President exerted his power, it was usually to raise duties.

Another important provision of the act of 1922 was that contained in section 316, which provided for additional duties, or in extreme cases, that imports might be completely prohibited, if a foreign country engaged in unfair competition.

The Hawley-Smoot Tariff Act of 1930

The Hawley-Smoot Tariff Act of 1930 was passed primarily in order to provide still greater protection for the American farmer against competitive imports of oil, fats, dairy products, hides, skins, and numerous other agricultural products. The purpose was to preserve the home market in these commodities for the American farmer. Furthermore, certain other industries were experiencing increased competition from imports of foreign goods and demanded more protection.

Some increases in import duties on industrial products were, also, made to compensate for the higher duties upon raw materials which were provided by the 1930 act.

The net effect of the various tariff changes in the Hawley-Smoot Tariff Act was to raise the average import-duty level over the 1922 act from 38 percent to 41 percent ad valorem. Since, however, the period from 1930 through 1933 was one of depression and declining prices and, since many duties were specific, the net effect was to raise the average level on tariffs considerably above 41 percent. The average amount of import duties collected as a percentage of the value of all dutiable imports reached 59.1 percent for the year 1932, but by 1935, as prices rose, had dropped back to 42.9 percent.

The Hawley-Smoot Act of 1930 continued the flexible tariff provisions of the 1922 act, which authorized the President to increase or decrease the duties by as much as 50 percent on recommendation of the Tariff Commission. One change was made, however. The power of the Tariff Commission was strengthened and the President was no longer given the power to alter the actual rate recommended.

The Revenue Acts of 1932 and 1934

In 1932 an amendment was attached to a revenue act providing for the imposition of duties on petroleum, petroleum products, coal, lumber, and copper. In 1934 similar action was taken with respect to whale and fish oils. These new duties were classed as import taxes and were not considered as import duties subject to the provisions of the Tariff Act of 1930.

Conclusions, 1920-34 Period

In conclusion, it may be stated that the level of protective tariffs under the Republicans from 1922 to 1930 was slightly lower than the level which prevailed from 1880 to 1913. Under the Hawley-Smoot tariff of 1930 the level of tariff rates was slightly increased but the actual effect was a substantial temporary increase in the tariff level because of the rapid fall in prices from 1930 to 1933. With the return of rising prices, which began in 1932, the protective-tariff level started to decline and in 1936 fell to 39.2 percent. This is a level approximately equal to that during the 1920's under the Fordney-McCumber Act. Not enough trade agreements had been signed by 1936 under the terms of the Trade Agreements Act of 1934 to noticeably affect the tariff level. During 1934 and 1935 only 9 trade agreements had been signed and in every case but one were with small countries such as Belgium, Cuba, Haiti, and Honduras.

G. Tariffs from 1934 to 1949

Despite the fact that there have been no new tariff acts since the enactment of the Smoot-Hawley Act in 1930, we must regard the period from June 1934 to the present as a separate one in the tariff history of the United States. On the 12th of June 1934 Congress passed an amendment to the Tariff Act of 1930, the so-called Trade Agreements Act. With this amendment Congress authorized the President to negotiate and enter into foreign-trade agreements. To give the President bargaining power he was authorized to raise or lower tariffs a maximum of 50 percent of the rates of the Tariff Act of 1930. The ostensible reason for surrendering the legislative function in regard to making tariffs was the desire to assist in the then existing emergency in restoring the American standard of living, in overcoming domestic employment, and the present economic depression, etc.

In advocating this means of reducing tariffs, the Roosevelt administration lived up to its commitments in the Democratic Party platform of the 1932 election, when the party had pledged reduction of tariffs. The act had been passed primarily as an emergency measure, and under the terms of the act its

duration was to be 3 years. However, under this authority the administration reduced tariffs to the lowest level in United States history, and several extensions of the act continued it far beyond the point when it could have had any justification as an emergency measure. In 1937 and 1940 the act was extended for 3 years each, and in 1943 for 2 years only. In 1945 it was extended for another 3 years, and the President was again entitled to raise or lower the rates of duty by a maximum of 50 percent of the rates in force on January 1, 1945. In other words, those products which had suffered a reduction by 50 percent of the rate under the 1930 act by virtue of the first Trade Agreements Act, could again be affected by a further reduction of 50 percent. Thus, on a good number of products the reduction of duties reached 75 percent of the rates provided for under the Tariff Act of 1930. In 1948 the Trade Agreements Act was continued for 1 year only, with a few changes, the most important being the provision for peril-point studies by the Tariff Commission.

Under the Trade Agreements Act trade agreements with 42 nations are in effect today. Twenty-three of these agreements were negotiated in one great tariff-cutting festival at Geneva, Switzerland, where 23 nations bartered and horse-traded with each other for tariff reductions.

At the present time in Annecy, France, the GATT nations have again met to discuss the results of the first Geneva agreements on tariffs and trade, and to negotiate with 13 more nations on further tariff cuts.

The agreements entered into under the Trade Agreements Act are executive agreements and as such are not subject to congressional approval. The function of legislating on tariffs was surrendered to the President under the 1934 act.

Mr. MALONE. Mr. President, the New Deal free trade program has had some strange bedfellows in the past, men like Alger Hiss, Harry Dexter White, V. Frank Coe, Harold Glasser, and Victor Perlo.

Details of their participation in the program were given in Mr. David Sentner's column, published in the Baltimore News-Post and other Hearst newspapers on Monday, May 2, 1955, under the heading "Washington Window: The Free Trade Program Debate."

I ask unanimous consent that there be printed in the RECORD at this point in my remarks the article above referred to.

There being no objection the article was ordered to be printed in the RECORD, as follows:

WASHINGTON WINDOW: THE FREE TRADE PROGRAM DEBATE
(By David Sentner)

Soviet spies and Communists in top Government posts (so labeled in congressional testimony) had much to do with the creation of the free-trade program which will be debated this week in the Senate.

Alger Hiss was chairman of the Citizens' Committee for Reciprocal World Trade and personally plugged for renewal of the Reciprocal Trade Agreements Act in 1948 just before the heat was turned on over his connection with the pumpkin papers.

And GATT, academically known as the General Agreement on Tariff and Trade, which will get its lumps as an international Socialist scheme from opponents on the Senate floor, grew out of proposals developed in 1944 and 1945 by an interdepartmental committee headed by a State Department official.

The official members of the committee from the Treasury Department included

Harry Dexter White and Frank Coe, White's assistant.

Later, the Treasury Department records show Harold Glasser, Assistant Director of Monetary Research, was among the small group who aided in developing the proposals.

Harry Dexter White was flatly labeled a Soviet spy by Attorney General Brownell who insisted the FBI had repeatedly warned appropriate officials concerning White's espionage activities.

Coe was a member of a Communist cell in Government, according to the testimony of former spy queen Elizabeth Bentley.

The Russian-born Glasser was named by Miss Bentley as a member of the Red espionage ring, headed by Victor Perlo, operating in Government.

White, Coe, and Glasser had key roles in developing the plan for an international trade organization of the U. N. Coe headed the Treasury contingent with Glasser in the No. 2 spot. Glasser's alternate was Victor Perlo.

The whole reciprocal trade program and GATT, according to Senator GEORGE W. MALONE, Republican, of Nevada, was aimed "to cut the United States down and build other countries up, including Czechoslovakia and the Soviet Union."

"It was promoted by free traders, one-worlders and Soviet spies," MALONE charges.

MALONE revealed that the Senate Subcommittee on Minerals, Materials and Fuel Economics, which he heads, turned up letters and memorandum of Harry Dexter White. "This data," MALONE said, "exposed White's efforts to destroy the American mining industry, particularly as it related to strategic minerals, without which we could not fight a war or expand our peacetime economy."

MALONE maintained that with certain Iron Curtain nations members, the Communist bloc is in a position to get inside trade information on American industry.

GATT, although a twin of the international trade agreements legislation, has never been submitted to or approved by Congress, he pointed out.

The State Department maintains the complicated postwar problems of international trade are being solved through the reciprocal trade program and GATT.

MALONE insists that there has been no expansion, in general, of American agricultural products as the result of the program.

He cites reduced exports in cotton, tobacco, butter, rye, oats and other farm commodities.

He grants that wheat shows a slight export gain but attributes this to it being subsidized by the Government.

In the midst of the imminent hullabaloo from both sides of the aisle in the Senate this week over renewal of the reciprocal trade program, let us face one soft-pedaled fact:

Congress let go its inherent authority over tariff control and turned this power over to the State Department because it was glad to get ride of a hot potato—meaning the incessant pressures from constituents to protect this industry and that product.

The PRESIDENT pro tempore. The time of the Senator from Nevada has expired.

The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Nevada.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. JOHNSON of Texas. The Senator from Nevada has used his hour. Is the next hour subject to the control of the majority leader?

The PRESIDENT pro tempore. It is.

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Virginia [Mr. BYRD].

Mr. BYRD. Mr. President, I think the amendment offered by the Senator from Nevada should be defeated. It was rejected by the Finance Committee by an almost unanimous vote. In my opinion, it would be a great mistake to adopt the amendment.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the distinguished Senator from Nevada [Mr. MALONE].

AMENDMENT CONFORMS TO CONSTITUTION OF UNITED STATES

Mr. MALONE. Mr. President, my amendment in the nature of a substitute—Calendar 242—now before this body conforms to the Constitution of the United States.

AMERICANS EQUAL ACCESS TO AMERICAN MARKETS

Under this amendment the Tariff Commission, an agent of Congress, would proceed to adjust the duties or tariffs on each product on the basis of fair and reasonable competition—giving the American workingmen and investors equal access to their own markets.

Mr. President, my amendments directs the Tariff Commission, as an agent of Congress in arriving at the proper duties or tariffs on a fair and reasonable competitive basis "to develop and promote a well balanced, integrated, and diversified production within the United States so as to maintain a sound and prosperous national economy and a high level of wages and employment in industry and agriculture" to consider:

First. Manipulation of the price of their money in terms of the dollar for trade advantage by a foreign country.

Second. Subsidies for exports of any character.

Third. Set quantitative limits—quotas.

Fourth. Consider the declared landed duty paid customs cost—and the offered for sale price.

Fifth. Decreases or increases in import duties designed to provide for "fair and reasonable competition between foreign and domestic articles may be made by the Tariff Commission either upon its own motion, application of any person or group—a congressional committee or of the President.

However, full public hearings must be held and then may become effective within 90 days, provided that any order must be submitted to Congress and will then become effective if not disapproved in whole or in part by concurrent resolution of Congress within 60 days.

Mr. President, through the adoption of this amendment the regulation of the domestic economy and foreign trade will revert to the Congress of the United States in accordance with the Constitution of the United States—and the policy which we followed as a nation for nearly a century of time resulting in the highest standard of living in all of the history of the world.

And Mr. President, the workingmen and investors of this Nation will be back in business with equal access to their own American markets.

The PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Nevada [Mr. MALONE].

The amendment was rejected.

Mr. BEALL. Mr. President, I have an amendment at the desk which I ask to have read.

The PRESIDENT pro tempore. The amendment offered by the Senator from Maryland will be stated.

The LEGISLATIVE CLERK. On page 13, between lines 15 and 16, it is proposed to insert the following new section:

SEC. —. Section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is hereby amended by adding at the end thereof a new subsection (f) to read as follows:

"(f) Tariff Commission findings made pursuant to this section shall be final and conclusive as to the existence of, or threat of, serious injury to a domestic industry."

Mr. BEALL. Mr. President, the escape clause provisions of the trade-agreements law were intended by the Congress to provide a mechanism whereby domestic industry and labor would be protected from serious injury or threatened serious injury from increased imports into the United States as a result, in whole or in part, of reductions in the tariff duties fixed by the Congress.

The manner in which this provision has been applied has largely nullified this congressional intention. Specific amendment of the law seems necessary in order to prevent further obstruction of the congressional will.

Of some 51 investigations completed by the Tariff Commission under the escape-clause provision of the present law, reports in 15 cases have gone to the White House for action by the President.

Of these 15 cases, the findings of the Commission of injury or threatened injury were unanimous in 7 cases. In 5 cases, a majority of the Commission reported injury or threatened injury, and in the remaining 3, the Commission divided equally, 3 to 3.

In only 5 of the 12 cases where the Commission unanimously or by majority vote found injury or threatened injury did the President act in accordance with the Commission's findings and recommendations.

In the remaining 7 cases, 3 of which were unanimous findings, the President refused to adopt and follow the Commission's findings and recommendations, basing his action on disagreement with the Commission's findings of fact or on factors which had not entered into the consideration and deliberation of the Commission.

In the 3 cases where the Commission divided equally in submitting its recommendations the President refused to make any increase in existing tariff duties. In each of these 3 cases, significantly, its original report was referred back to the Commission by the President for further investigation and report, an action which is believed to be not contemplated by the existing law.

Escape clause proceedings before the Tariff Commission are lengthy and involve exhaustive field investigations and

public hearings at which all interested parties are given full opportunity to present all available facts in support of or against the claim of injury or threatened injury. Testimony is under oath, and full and complete cross-examination to test the verity and completeness thereof is permitted.

A domestic industry has no appeal from the findings of fact of the Tariff Commission and no further forum in which to pursue its case.

In practice, the President apparently has followed the opinions of his own advisers, but from statements issued by the President these rejections frequently have been based on evidence not presented in the proceedings before the Tariff Commission and which no interested party had any opportunity to rebut or otherwise explain, or perhaps on the basis of evidence produced by a foreign government or a foreign industry and channeled through the State Department outside of the public proceedings and beyond the public forum contemplated by the law.

A study of all of the cases in which the President has refused to adopt and follow findings and recommendations of the Tariff Commission establishes that in each instance he has conducted an inquiry separately and independently from that made by the Tariff Commission, that in the course of such inquiries no opportunity was given, at least to any domestic industry, to furnish additional evidence or rebut the evidence or interpretations of facts suggested by the Presidential advisers.

Such investigations and rejections of the Commission's findings completely nullify and negate the original intention of the Congress in prescribing criteria to govern escape-clause proceedings. The law does not seem to contemplate nor warrant this type of second guessing.

The Finance Committee has recommended an amendment to the statute which would authorize emergency action by the President on certification from the Director of Defense Mobilization in any case where an article is being imported in such quantities as to threaten or impair the national security. This amendment is laudable but seems to be a procedure entirely outside the escape-clause provisions and does not meet a situation here outlined arising from refusal by the President to adopt Tariff Commission findings of injury under such escape-clause cases.

If the Congress is firm and sincere in its intention that the power which it has delegated to make reductions in United States tariff duties shall not be permitted to seriously injure or threaten serious injury to any domestic industry, then no condition should be permitted to continue which would impair or nullify that intent. The amendment suggested will insure that the will of the Congress that serious injury or threatened serious injury shall not be permitted to result from reductions in tariff duties, will be given full force and effect.

I ask for a vote on my amendment.

Mr. JOHNSON of Texas. Mr. President, I yield to the distinguished senior Senator from Colorado such time as he may desire.

Mr. MILLIKIN. Mr. President, I am very much chagrined to have to oppose the amendment offered by the distinguished junior Senator from Maryland. The amendment would completely eliminate the President so far as his responsibility under the reciprocal trade system is concerned. That is what the amendment really would accomplish.

The administration is opposed to the amendment. I could not find any substantial sentiment in the committee to support an amendment of this kind. I wish to ask the distinguished Senator to withdraw his amendment.

Mr. BEALL. I dislike to go against my own leader in the committee. Therefore, in view of the fact that the chairman of the committee, the distinguished Senator from Virginia [Mr. BYRD], and the distinguished Senator from Colorado [Mr. MILLIKIN] have considered such an amendment, and I have now expressed my own opinion about it, I withdraw the amendment.

Mr. MILLIKIN. I thank the Senator from Maryland.

The PRESIDENT pro tempore. The Senator from Maryland withdraws his amendment.

The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I agreed yesterday with the distinguished junior Senator from Wyoming to yield him 20 minutes on the bill. Would it be agreeable to the Senator to take that time now?

Mr. O'MAHONEY. I am willing to accommodate myself to the wishes of the majority leader. I understood that it was the intention of the Senator from Minnesota [Mr. HUMPHREY] to offer an amendment at this time. Will the Senator from Minnesota be present?

Mr. JOHNSON of Texas. Mr. President, several amendments are at the desk. I understand the Senator from Minnesota has an amendment he plans to call up. I also understand the Senator from Illinois [Mr. DOUGLAS] has 4 amendments he intends to call up. The Senator from Oregon [Mr. MORSE] has 2 amendments, and the Senator from Wyoming [Mr. O'MAHONEY] has 1 amendment.

I appreciate the cooperation of the Senator from Wyoming. Senators who have amendments pending should be notified that if they want to have their amendments considered, they should be present to call them up; otherwise, it will be necessary to proceed with the consideration of the bill.

I now yield to the distinguished Senator from Wyoming 20 minutes on the bill. I hope that in the meantime other Senators will find it possible to come to the Chamber, and, if they have sufficient interest in their amendments, that they will call them up.

Mr. O'MAHONEY. I am very grateful to the Senator from Texas for his consideration.

My auditors will note from the sound of my voice that my vocal cords are not in good order. I hope it will not

be necessary for me to take all the time which has been allotted to me.

I shall present later in the day an amendment which will provide that no trade agreement negotiated by the President shall become effective until it has been submitted to both Houses of Congress and by them approved. It is my firm belief that we shall be surrendering the constitutional power of Congress if we do otherwise.

Much as I dislike to read speeches, I must do so today because of the condition of my voice. I have therefore tried to commit to writing some of the arguments which may be presented to Members of the Senate with respect to the vital need of preserving the constitutional power of Congress to write the laws imposing duties on imports, and regulating foreign and interstate commerce.

CONGRESS IS COMMITTING SUICIDE

Congress is committing suicide, though unwittingly, because it is delegating to the executive branch of the Government the power to represent the people of the whole Nation, the people of every State and of every community. The power is being delegated not to elective officers, but to officers who are appointed at the pleasure of the President, and who conduct in secret their sessions dealing with the vital problem of international trade.

The public is deceived if it believes that the bill to extend the Trade Agreements Act is a measure to protect the national security or even to facilitate international trade. The voice is the voice of Jacob, but the hands are the hands of executive government.

Congress is slowly dealing away its powers as a popular legislative body at the very time when popular government throughout the world stands upon the very brink of destruction. The lawmakers of the people cannot continue to delegate their power, and at the same time imagine that they are preserving free government.

The Constitution left to us by the Founders was designed to establish a government of the people. The government we shall have, if the Reciprocal Trade Agreements Act is extended for another 3 years, will be in the pattern of totalitarian tyrannies, the very tyrannies we denounce in the persuasive tones of Jacob, while we are destroying the legislative powers of the only government on earth which can now preserve freedom for mankind.

THE GOVERNMENT IS BEING TRANSFORMED

Our form of government is being transformed before our eyes, and we shall not like it when it has been accomplished, because Senators and Representatives will have surrendered their constitutional power to shape the economic laws under which the citizens who elected them must live.

We are told that these trade agreements will be made by the President. That is merely a polite deception, if deception can ever be polite. The agreements will not be made by the President.

I say that with every emphasis I can command. In spite of the testimony of the Secretary of State, in spite of everything that has been said, these trade

agreements will not be made by the President of the United States. They will not be made by any persons elected by the people of this country, nor by any person appointed by the President and confirmed by the Senate to discharge duties imposed upon them by law. These treaties—I call them treaties, because in truth they are treaties—will be made by anonymous experts drawn from eight departments and the Tariff Commission, under the leadership of the State Department, to shape in secret the trade policy of our people.

The decisions will not be made by management, by labor, or by the participants in trade and commerce, but by Government employees who vote in only seven States of the Union. Colorado, Maryland, Michigan, New Jersey, New York, Utah, and Virginia are the only States represented on the Trade Agreements Committee.

It took me considerable time to find out the names of the individuals who constitute the committee and who do the actual work in making trade agreements.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. The Senator knows I am under a time limitation.

Mr. MALONE. I shall take only a short time. I agree thoroughly with what the Senator is saying. Could the Senator imagine any elected representative of the people in the Senate or the House of Representatives trading one sector of the economy of America for a fancied foreign policy advantage?

Mr. O'MAHONEY. I cannot imagine such a thing; but I think it would be done under the bill.

Mr. MALONE. But it would not be done by the elected representatives of the people.

Mr. O'MAHONEY. I wish now to recite the names of the individuals who will do the work:

Carl D. Corse, Chairman; Chief of Trade Agreements and Trades Division, State Department.

Miss M. Margaret McCoy, secretary of the committee, State Department.

Gerald E. Tichenor, Deputy Assistant, Administration of Foreign Agricultural Services, Department of Agriculture.

Robert E. Simpson, Director, Office of Economic Affairs, Bureau of Foreign Commerce, Department of Commerce.

Prentice N. Dean, Associate Chief, Foreign Economic Defense Affairs Division, Office of Foreign Military Affairs, Office of the Secretary of Defense.

Miss Katharine Jacobson, trade and tariff liaison officer, Office of Trade, Investment and Monetary Affairs, Foreign Operations Administration.

Harry Shooshan, international activities assistant, Technical Review Staff, Office of the Secretary, Department of the Interior.

Philip Arnow, Associate Director, Office of International Labor Affairs, Department of Labor.

Edgar B. Brossard, Chairman, United States Tariff Commission.

George H. Willis, Director, Office of International Finance, Department of the Treasury.

Mr. President and Senators, these are the individuals, they and their substitutes, and not the President, to whom this power is being delegated. No one of them, so far as I have been able to discover, has ever faced the electorate of the States in which they claim their residence, but they, not the President, will make the agreements which will be known to foreign governments long before they are made known to Congress, which has the constitutional power to levy the duties and imposts with which these experts are to deal.

I do not challenge the ability, the integrity, or the honor of these experts, but I say they do not represent free government. They represent executive government. They do not represent the people. They are expert theorists who have never received any authority from the people of the United States except to such an extent as they may be civil-service appointees.

Mr. JOHNSTON of South Carolina. Mr. President—

Mr. O'MAHONEY. Does the Senator realize I am under a time limitation? However, I shall be glad to answer a question.

Mr. JOHNSTON of South Carolina. I gather from the Senator's remarks that he is saying we are delegating our authority to a group whom the people of the United States have no way of controlling at all.

Mr. O'MAHONEY. Absolutely. The Constitution of the United States provided that each State should have two Senators in this body. Why? So that they would be here watching what was going on, and protecting the interests of their own States and the national interest. Yet it is lightly proposed that we delegate this duty to others whom we do not know.

THIS IS NOT THE AMERICAN SYSTEM

Our Constitution was framed by men who wanted to deprive the King of the power to force through Parliament the laws by which they should be governed. The leaders of the American Revolution wanted a government in which the people should draw their own laws through a legislative assembly of their own choosing. They wanted a government in which these laws should be drawn in public and debated in public, but the Finance Committee of the Senate asks us to enact a statute by which we shall delegate to the President the power to redelegate the constitutional authority of Congress to experts operating behind closed doors.

This is not the American system of government. If we know a thing about what is happening in the world, we must be aware that popular government is being taken over by executive authority on every continent.

If we despise communism it is because it is a dictatorship and its laws are written behind closed doors. If we despise fascism, it is because that also is a dictatorship and the people have nothing to say about their government.

In Europe, in Asia, in Africa, in Latin America, and here in the United States, too, executive power is invading the prerogatives of the legislative body.

In 1937, When President Roosevelt sent to Congress a bill which I believed would allow the President to invade the jurisdiction of the Supreme Court, I did not hesitate to fight it. When the first trade-agreements bill was proposed in 1934, I did not hesitate to demand, as I demand now by my amendment, that the agreements should not become effective until approved by the Congress.

Let nobody think that the danger is slight. It is not. It is serious. It is more serious and more imminent than we realize. It is hanging over us.

HOW THE CHANGE BEGAN

It has been developing for more than 60 years. But, because this delegation of congressional power was first granted 21 years ago, and because the delegation of congressional power to fix railroad rates was first granted in 1887, we are face to face with a habit which inevitably will lead to the death of free legislative assemblies unless we stop it now.

We have created the Interstate Commerce Commission, the Federal Power Commission, the Communications Commission, Civil Aeronautics Board, and a score of other quasi-judicial and quasi-legislative bodies to which we have conveyed the detailed powers of Congress to deal with legislative matters. But we were always careful in these grants of power to prescribe the standards on the basis of which such commissions would be compelled to act. We were careful to refrain from making a grant involving the determination of general policy. In this instance, however, we are granting the President of the United States discretion to frame the policy with respect to international trade without his knowledge of Congress, which alone has the right to speak for the people.

It is easy to see how this has come about. The Government has grown larger and larger because the problems confronting it have become more numerous, more intricate, and more worldwide in scope. National business has done away with old frontiers; and the legislative demands upon Congress have become so great that some of its powers had to be delegated under careful safeguards.

The Government has grown so great that everyone knows the responsibilities of enforcing the law are beyond the physical capacity of the Chief Executive and the time within which he has to work, namely, the 24-hour day which applies to everyone. So for 25 years the White House has been expanding, just as Government boards and commissions have been expanding. There are more anonymous legislators and executives behind the White House doors than any committee of Congress has even counted. Mr. President, a reading of the appropriation bills will disclose how the executive employees in the White House have grown in number. Many of them are discharging duties which the Congress assigned to other officials. For example, the President has in his Cabinet an Attorney General, who is at the head of the Department of Justice. In every department of the Government there are lawyers; their employment has been authorized by the Congress, and they are paid

by appropriations made by the Congress. But the President also has in the White House his own personal counsel, to pass upon the problems which come to the President for decision. This personal counsel appointed by the President is not confirmed by the Senate. Yet he deals with the great, vital problems with which the country now is faced.

A few years ago, with the thought that it would be a measure of economy, we adopted Reorganization Plan No. 12 of the Hoover Commission, by which the chairmen of several boards and commissions were given the housekeeping authority of their legislative agencies. Now these chairmen have, in most cases, become the pipelines through which the White House—and by this I do not mean the President; I mean the anonymous aids and assistants by whom he has been surrounded—convey to the quasi-judicial and quasi-legislative agencies of Government the policies they are to follow in the judgment of cases and in the determination of rates and routes.

SECRECY SUPPORTS SPECIAL PRIVILEGE

Every lobbyist in Washington and every Senator and Representative in Congress knows that is the way the power of the White House is exercised to direct legislative policy in secret; and both branches of Congress are being stripped of the power vested in them by the Constitution.

Thus there has been created the method by which special privileges for the few, the big business organizations, are granted, to the detriment of equal rights for all. The members of the executive, the members of quasi-judicial bodies, the boards and commissions that rule our economic life, all have taken the oath to support and defend the Constitution. But so long as Congress continues to delegate away its powers under the Constitution, so long as it is willing to stand by while boards and commissions and presidential committees meet in secret session and perform the duties of Congress, so long must we be prepared to have a government of special privilege, not a Government of the people. Popular government is not free from error; but when popular government is conducted publicly, as conceived by the framers of the Constitution, special privilege has much smaller chance of gaining its greedy objectives. That is why the legislative power must be exercised in the light of public knowledge.

The PRESIDENT pro tempore. The time of the Senator from Wyoming on the bill has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 1 additional minute to the distinguished Senator from Wyoming.

The PRESIDENT pro tempore. The Senator from Wyoming is recognized for 1 additional minute.

Mr. O'MAHONEY. I thank the Senator from Texas.

Mr. President, this country is being transformed into an executive government, and Congress blandly and calmly cuts its own throat, although every Member thereof has taken his oath to support a Constitution which provides in the simplest of simple words, in the first section of the first article, that "All leg-

islative powers herein granted shall be vested in a Congress of the United States."

But, Mr. President, the legislative power of fixing duties and imposts is, by means of the pending bill and its predecessors, delegated away from the constitutional authority, and is vested in the Executive, at a time when all through the world dictatorial power in the executive is arising to destroy free government, such as the American system which we were sent here to represent and to defend.

The PRESIDENT pro tempore. The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes on the bill to the distinguished junior Senator from Texas [Mr. DANIEL].

The PRESIDENT pro tempore. The junior Senator from Texas is recognized for 2 minutes on the bill.

Mr. DANIEL. Mr. President, on Monday of this week, the distinguished senior Senator from Colorado [Mr. MILLIKIN] was kind enough to answer several questions put to him by me. I appreciate his courtesy. However, I noticed that the RECORD, as printed, shows an answer to my last question which I did not understand to have been given, and which I do not believe the senior Senator from Colorado intended.

I should like to repeat the question, noting that the Senator from Colorado is on the floor.

The question is set forth on page 4501 of the CONGRESSIONAL RECORD of May 2, 1955; and I ask the Senator from Colorado to comment on it, after I repeat it. The question is this—and I now address it again to the senior Senator from Colorado:

At least it is the intention of the Committee on Finance that this amendment—

We were talking about section 7 (b)—shall be used to protect us in the matter of oil imports and the importation of other commodities which are necessary to our national defense.

Mr. MILLIKIN. Mr. President, I am very sorry if my answer was not as clear and specific as it should have been, when we had our exchange the other day.

I wish to say that was the intention of the Senate Finance Committee. That was the purpose of writing the amendment and of adopting it in the committee.

Mr. DANIEL. I thank the Senator from Colorado.

Did the committee hear evidence to the effect that an increase of oil imports above the 1954 ratio between imports and domestic production would endanger the national security?

Mr. MILLIKIN. The committee heard such evidence.

Mr. DANIEL. Does the Senator from Colorado remember any evidence to the contrary?

Mr. MILLIKIN. I do not.

Mr. DANIEL. I thank the Senator from Colorado.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, certain excerpts from the committee report.

There being no objection, the excerpts from the report (No. 232, 84th Cong., 1st sess.) were ordered to be printed in the RECORD, as follows:

The committee believes that this amendment will provide a means for assistance to the various national defense industries which would have been affected by the individual amendments presented.

The White House issued on February 26, 1955, a report based on a study by the President's Advisory Committee on Energy Supplies and Resources Policy which indicates the importance of a strong domestic petroleum industry. That report states with regard to crude oil imports and residual fuel oil imports:

"An expanding domestic oil industry, plus a healthy oil industry in friendly countries which help to supply the United States market, constitute basically important elements in the kind of industrial strength which contributes most to a strong national defense. Other energy industries, especially coal, must also maintain a level of operation which will make possible rapid expansion in output should that become necessary. In this complex picture both domestic production and imports have important parts to play; neither should be sacrificed to the other.

"Since World War II importation of crude oil and residual fuel oil into the United States has increased substantially, with the result that today these oils supply a significant part of the United States market for fuels.

"The committee believes that if the imports of crude and residual oils should exceed significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense. There would be an inadequate incentive for exploration and the discovery of new sources of supply.

"In view of the foregoing, the committee concludes that in the interest of national defense imports should be kept in the balance recommended above. It is highly desirable that this be done by voluntary, individual action of those who are importing or those who become importers of crude or residual oil. The committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention.

"The committee recommends, however, that if in the future the imports of crude oil and residual fuel oils exceed significantly the respective proportions that such imported oils bore to domestic production of crude oil in 1954, appropriate action should be taken.

"The committee recommends further that the desirable proportionate relationships between imports and domestic production be reviewed from time to time in the light of industrial expansion and changing economic and national-defense requirements.

"In arriving at these conclusions and recommendations, the committee has taken into consideration the importance to the economies of friendly countries of their oil exports to the United States as well as the importance to the United States of the accessibility of foreign oil supplies both in peace and war."

Although no similar study is presently available for fluorspar or lead and zinc the committee feels that the Director of Defense Mobilization will be cognizant of the serious situation existing in those industries.

Congress can initiate and adopt such legislation as it might deem advisable should the action needed to protect these essential industries not be taken.

Mr. DANIEL. Mr. President, I thank the Senator from Texas [Mr. JOHNSON], for yielding to me.

The PRESIDENT pro tempore. The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, on March 30, I sent to the desk, to be printed and lie on the table, amendments intended to be proposed by me, on behalf of myself and the junior Senator from Massachusetts [Mr. KENNEDY], to the bill which now is pending. Those amendments are identified as "3-30-55-C." I do not ask to have the amendments read at this time, but I wish to have them identified, and I now call them up. The amendments were considered by the committee, but I wish to have them before the Senate at this time.

The PRESIDENT pro tempore. Without objection, the amendments will be printed at this point in the RECORD.

The amendments proposed by Mr. HUMPHREY, for himself and Mr. KENNEDY, are as follows:

After the enacting clause insert "Title I." Page 1, line 3, strike out "That this" and insert "Section 1. This."

At the end of the bill insert the following new title:

"TITLE II

"SEC. 201. This title may be cited as the 'Trade Adjustment Act of 1955.'

"PURPOSE

"SEC. 202. (a) It is recognized that the maintenance of a sound domestic economy and healthy international relations requires that the United States engage in trade among the free nations of the world. Further, the Reciprocal Trade Agreements Act of 1934 reflects the congressional desire that the President be authorized to negotiate with the other countries of the world with a view to lowering trade barriers. The Congress has also recognized, in enacting the peril point and escape clause provisions of the Trade Agreements Extension Act of 1951, that there are situations in which the reduction of trade barriers, although redounding to the benefit of the Nation as a whole, may have serious adverse effects on particular domestic industries. These provisions provide mechanisms for determining at what point reductions in trade barriers, either in prospect or already accomplished, will have such adverse effects. They provide no method by which greater prosperity and security for the Nation as a whole can be secured by the reduction of trade barriers, while avoiding or ameliorating the economic losses which particular communities, industries, enterprises, and individuals may suffer in the adjustment of their productive activities which may be made necessary by such reduction. It is the purpose of this title to resolve this problem by providing assistance to communities, industries, enterprises, and individuals in the adjustment of their productive activity to the economic conditions created by the national trade policy. It is not the purpose of this title to provide a permanent subsidy, but rather to provide the means by which those affected by lowered trade barriers may be assisted in the period of their adjustment.

"(b) It is the intention of Congress that, in determining eligibility for the assistance provided for under this title, the title shall be construed liberally and that any doubt regarding eligibility shall be resolved in favor of the applicant.

"ESTABLISHMENT AND FUNCTIONS OF TRADE ADJUSTMENT BOARD

"SEC. 203. The President shall appoint a 5-member board to be known as the Trade Adjustment Board (hereinafter called the

"Board"), 1 member of which he shall designate as Chairman. The members of the Board shall be appointed from among the officers and employees of the executive branch of the Government and shall serve without compensation in addition to that otherwise received as officers or employees in the executive branch of the Government, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Board.

"SEC. 204. For the purposes of performing its duties, the Board is authorized to—

"(a) hold such hearings, to sit and act at such times and places, and to take such testimony, as the Board may deem advisable;

"(b) secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this section; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Board upon request made by the Chairman;

"(c) require by subpoena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths, to take testimony, to have printing and binding done; and to make such expenditures as it deems advisable within the amount appropriated therefor. Any member of the Board may administer oaths or affirmations to witnesses appearing before the Board. Subpenas shall be issued under the signature of the Chairman and shall be served by any person designated by him. The Board is authorized to exercise any of the powers conferred upon the Securities and Exchange Commission by subsection (c) of section 21 of the Securities and Exchange Act of 1934, and subsection (d) of such section shall be applicable to witnesses before the Board; and

"(d) establish such rules, regulations and procedures as may be appropriate to permit the Board to perform the functions prescribed in this title.

"SEC. 205. (a) Whenever the President, in accordance with the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended by section 212 of this title, shall determine to invoke the provisions of this title with reference to any article as to which a modification in the rate of duty or other import restriction, or any other concession, has been found either to threaten or to have caused serious injury to a domestic industry, he shall notify the Board of his decision.

"(b) After the notification by the President provided for above, the Board shall, upon application by any community, industrial development corporation, business enterprise, employee, or organization representing employees, determine whether the applicant is eligible, or represents persons eligible, to receive the benefits provided for in this title. If the Board shall determine that any community, industrial development corporation, business enterprise, employee, or organization representing employees is eligible for the benefits provided for in this title, or represents persons so eligible, it shall issue a certificate describing the community, industrial development corporation, business enterprise, or employees found eligible which shall conclusively establish for a period of 18 months or such shorter period as the Board may determine that the described persons are eligible for the benefits provided for in this title. Such certificates shall state the period for which they are valid and shall automatically expire at the end of such period. Upon application, the Board shall have authority to renew any certificates of

eligibility for successive periods of 18 months, or less, upon a showing that such renewal is necessary to accomplish the purposes of this title. The Board shall also have authority on its own motion, or upon the motion of any interested person, to cancel any such certificate of eligibility if it finds the continued existence of such certificate is not necessary to accomplish the purposes of this title.

"(c) The following may be determined by the Board to be eligible for the benefits provided for in this title:

"(1) Any business enterprise engaged in the production of an article identical to or directly competitive with an article with reference to which this title shall have been invoked.

"(2) Any unemployed individual whose last regular employment shall have been in a business enterprise which is eligible or may be determined to be eligible for the benefits provided for by this title.

"(3) Any community a substantial number of the residents of which are individuals who are eligible or may be determined to be eligible for the benefits provided for by this title.

"(4) Any industrial development corporation organized for the purpose of aiding the development of a more balanced and diversified economy or diversification of production in a community which is eligible or may be determined to be eligible for the benefits provided for in this title.

"In determining whether a particular business enterprise is eligible for the benefits provided for in this title, the Board shall consider what portion of the total production of such enterprise consists of the production of an article identical to or directly competitive with the article with reference to which this title shall have been invoked. In determining whether any such enterprise or any community or industrial development corporation is eligible for such benefits the Board shall also consider whether such enterprise, community, or industrial development corporation has developed satisfactory proposals for programs of economic adjustment consonant with the purposes of this title.

"(d) As used in this title—

"(1) The term 'industrial development corporation' includes any body organized and operated by private citizens for the purpose of aiding the development of a more balanced and diversified economy or diversification of production in a community through industrial development, the training or retraining of employees, or through any other means.

"(2) The term 'employee' includes an unemployed individual whose last regular employment shall have been in a business enterprise which is eligible or may be determined to be eligible for the benefits provided for in this title.

"ADJUSTMENT BENEFITS

"Sec. 206. Information and Advice: Any business enterprise found to be eligible by the Board for assistance under this title may apply to appropriate departments and agencies of the Government for technical information, market research, or any other form of information and advice which might be of assistance in the development of more efficient methods of production and in the development of new lines of production. Similarly, any community or industrial development corporation found eligible for assistance under this title may apply to appropriate departments and agencies of the Government for such information and advice as will enable it to develop a more balanced and diversified economy.

"Sec. 207. Loans: Section 207 of the Small Business Act of 1953 is amended—

"(a) by striking out the word 'and' at the end of subsection (d);

"(b) by striking out the period at the end of subsection (e) and inserting in lieu thereof a colon and the word 'and'; and

"(c) by adding at the end thereof a new subsection as follows:

"(f) to make such loans as the administration may determine to be necessary or appropriate to business enterprises and communities, either in their corporate capacity or as represented through industrial development corporations or similar agencies, for the adjustment by such business enterprises and communities to economic conditions resulting from the trade policy of the United States: *Provided, however,* That no such loans shall be made by the administration to any business enterprise or community unless the Trade Adjustment Board, as established under the provisions of the Trade Adjustment Act of 1955, shall have certified to the administration that such business enterprise or community is eligible for benefits under the Trade Adjustment Act of 1954: *And provided further,* That the requirements of paragraphs (1) of subsection (a) of this section shall be applicable to the loans authorized to be made under this subsection."

"Sec. 208. Unemployment compensation: (a) (1) The Secretary of Labor (hereinafter referred to as the 'Secretary') shall on behalf of the United States enter into an agreement with any State in which an enterprise or community, with respect to which a certificate of eligibility has been issued under this title, is located, under which the State, as agent of the United States, will make supplementary payments of compensation to unemployed individuals in the State as provided for in this section, and will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this section.

"(2) Supplementary payments of unemployment compensation under this section shall be made only to individuals within the class of individuals determined by the Board under section 205 of this title to be eligible to receive the benefits provided for in this title.

"(3) If the amount of unemployment compensation payable to an individual under the law of the State in which he is eligible to receive unemployment compensation is less than 66⅔ percent of his average weekly wage, as determined under such law, then the amount of supplementary payment of unemployment compensation to an individual under this section for a week of total unemployment shall be an amount equal to the amount by which 66⅔ percent of such average weekly wage exceeds the amount paid to the individual under the unemployment compensation law of the State (including payments made by reason of dependents).

"(4) In any case where an unemployed individual receiving supplementary compensation under this section is no longer entitled to payment of compensation under the unemployment compensation laws of the State solely by reason of the expiration of the period for which such compensation is payable under such laws, there shall be paid to such individual, out of amounts paid to such State by the United States for such purpose and without cost to such State, compensation in an amount equal to the rate of State unemployment compensation and any supplementary compensation under this section which he was receiving immediately prior to the time he was no longer entitled to receive such rate. In order to remain eligible for compensation under this paragraph, an individual must comply with the provisions of State law with respect to ability and availability for work, and with respect to the acceptance of offers of suitable work, and failure to so comply shall result in immediate cessation of payment under this

paragraph. The total period during which an unemployed individual may receive benefits under this section shall not exceed 52 weeks.

"(5) The amount of the Federal supplementary payment of unemployment compensation to an individual for a week of partial unemployment shall be the amount necessary to provide such individual with a weekly benefit equal to the aggregate he would have received under paragraph (3) of this subsection for a week of total unemployment, less his earnings for such week in excess of the partial earnings allowance, if any, permitted by the unemployment compensation law of the State.

"(6) Any agreement under this section shall provide that compensation otherwise payable to any individual under the State's unemployment compensation law will not be denied or reduced for any week by reason of any payment made pursuant to such agreement. No agreement under this section for payment of compensation by a State agency shall be valid if compensation payable to any individual under the law of such State is less than it would have been under such law as it existed on January 1, 1955.

"(b) Whenever the Board, either upon application of an interested party or upon its own motion, determines that unemployment among individuals found by the Board to be eligible to receive the benefits provided for in this title is no longer attributable to the trade policy of the United States, no further payments shall be made under this section to such individuals with respect to weeks of unemployment occurring after the date of such determination by the Board, or occurring during any period for which there is not in effect a certification under section 205 describing such individuals.

"(c) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this section which would not have been incurred by the State but for the agreement.

"(d) In making payments pursuant to this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this section for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical sampling, or other method, as may be agreed upon by the Secretary and the State agency.

"(e) The Secretary shall from time to time certify to the Secretary of the Treasury for payments to each State sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds available for carrying out the purposes of this title.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this section, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this section may be made.

"(g) An agreement under this section may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary,

and may provide for the payment of the cost of such bond from funds available for carrying out the purposes of this section.

"(h) No person designated by the Secretary, or designated pursuant to an agreement under this section, as a certifying officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this section.

"(i) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this section if it was based upon a voucher signed by a certifying officer designated as provided by this section.

"(j) For the purpose of payments made to a State under title III of the Social Security Act, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law.

"(k) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303 of the Social Security Act.

"(l) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this section or under an agreement thereunder shall be fined not more than \$1,000 or imprisoned for not more than 1 year, or both.

"(m) The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this section. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreement under this section.

"SEC. 209. Training and transportation. (a) The Secretary shall—

"(1) prescribe and provide suitable training for unemployed individuals eligible for the benefits of this title who are in need of retraining, reemployment, vocational education, or vocational rehabilitation;

"(2) utilize and extend all existing Federal governmental facilities, and utilize the facilities of any other governmental agency maintained by joint Federal and State contributions, to carry out the purposes of this section; and

"(3) by agreement or contract with public or private institutions or establishments, provide for such additional training facilities as may be necessary to accomplish the purposes of this section.

"(b) The Secretary shall have the power and the duty to cooperate with existing Federal, State, and local agencies and officials in charge of existing programs relating to retraining, reemployment, vocational education, and vocational rehabilitation for the purpose of coordinating his activities with those of such Federal, State, and local agencies.

"(c) Whenever the Secretary shall determine that (1) no job opportunity for an unemployed individual found eligible for the benefits of this title exists within his own current labor-market area, (2) a job opportunity for such individual equivalent to his former employment is available at a place in the United States outside of his current labor-market area, (3) such individual agrees

to take the job opportunity outside of his labor-market area, and (4) the acceptance of such employment would be in the best interest of the United States, then the Secretary is authorized to make available to such individual at Government expense, facilities for the movement of such individual, his dependents and his household effects to a location designated by such individual and approved by the Secretary, by using Government or commercial means of transportation.

"SEC. 210. Retirement. (a) Whenever the Secretary shall determine that any individual, 60 years or older, included within a certificate of eligibility issued by the Board is unemployed as a result of the national trade policy of the United States and is unable to find employment because of his advanced age, the Secretary shall issue a certificate containing such a finding.

"(b) Section 216 (a) of the Social Security Act is hereby amended to read as follows:

"RETIREMENT AGE

"(a) (1) Except as provided in paragraph (2), the term "retirement age" means age 65.

"(2) In the case of an individual who is certified by the Secretary of Labor as unemployed by reason of the trade policy of the United States and unable to find employment because of advanced age, the term "retirement age" means age 60."

"(c) The amendment made by this section shall take effect with respect to payments made for months beginning more than 1 month after the date this title is enacted.

"SEC. 211. Accelerated amortization: (a) Section 168 (e) (1) of the Internal Revenue Code of 1954 is hereby amended by adding after the words "necessary in the interest of national defense during the emergency period", the words "or necessary for the development of new or different lines of production by an eligible business enterprise or of a more balanced economy in an eligible community"; and by adding after the words "attributable to defense purposes" the words "or the national trade policy of the United States, as the case may be."

"(b) Section 168 (d) of the Internal Revenue Code of 1954 is hereby amended by adding the following:

"(3) Eligible business enterprise, community: As used in this section the terms "eligible business enterprise" and "eligible community" refer to business enterprises or communities holding certificates of eligibility under the Trade Adjustment Act of 1954."

"SEC. 212. Section 7 (c) of the Trade Agreements Extension Act of 1951 is amended to read as follows:

"(c) Upon receipt of the Tariff Commission's report of its investigation and hearings, the President may (1) make such adjustments in the rates of duty, impose such quotas, or make such other modifications as are found and reported by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, or (2) notify the Trade Adjustment Board, created under the provisions of the Trade Adjustment Act of 1955, that he has invoked the provisions of the Trade Adjustment Act of 1955 with respect to such industry. If the President does not take either of such actions within 60 days, he shall immediately submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he has not made such adjustments or modifications, imposed such quotas, or invoked the provisions of the Trade Adjustment Act of 1955."

Mr. HUMPHREY. Mr. President, I rise to discuss my amendment and to discuss H. R. 1 as reported by the committee. This is one of the most im-

portant pieces of legislation we will consider in this session. What we do here will affect the future course of events as surely as anything that happens in the Formosa Strait or in Indochina. What we have not done here for 2 years now has already had serious consequences for us in world affairs.

I recall the President's saying to us slightly more than a year ago, "That precious intangible, the initiative, is becoming ours." Yet, in this vital area of foreign policy, in our foreign economic policy, the initiative has not been ours. We have been immobilized. We have slumbered while the Communists have negotiated trade agreements.

In 1953 we were told to wait for the report of the President's Commission so we would know how to proceed in these matters. We waited. We voted reluctantly for a mere 1-year extension of the Reciprocal Trade Agreements Act, and took rueful note of the pledge of the Secretary of State that no new agreements would be negotiated under it. He was faithful to that pledge. The authority granted the President under that act lay unused—no agreements were negotiated.

Last year we got the report of the Randall Commission. It did not ask much. It was not all that some of us had hoped for. It merely shored up the defenses against those who would tear down our foreign trade policy completely.

But, again, we were asked to wait. The opposition of some of the President's own party was too much. He agreed to put off till another year the proposals of his Commission. Some of us, supposedly in the opposition, tried to save the President's program for him, but when he capitulated we had to go along and settle for another 1-year extension.

Again nothing happened. No action was taken under the Reciprocal Trade Agreements Act. The world's leading trade power had no trade policy. But what were the Communists doing during those 2 years? Did they say, in all good sportsmanship, "We appreciate the delicate sensibilities of your domestic policies. We will hold up a bit and give you a chance to catch your breath"? No, Mr. President; we may have a team on this side, but the Communists are not playing our game. They went ahead—they opened up full force with their trade offensive. As the Senator from Tennessee [Mr. GORE] pointed out in his excellent speech last week, in the first year of our hibernation the Russians concluded agreements with 15 of our allies and the Communist Chinese with 13. Last year, in the second year of our hibernation, the countries in the Soviet sphere made 30 new trade agreements with nations of the free world.

We have had a good sleep. We should be thoroughly refreshed. What we forgot, in looking for Communists under the bed, was that they are out in the world market, negotiating trade agreements. In trade, that precious intangible, the initiative has become theirs.

I know I am talking about trade policy now as if it were an integral part of our foreign policy. I have heard high-tariff advocates complain, "Why must you confuse these things—why can you not keep economics and foreign policy separate?" I wish we could. It would make everything much simpler. But wishing will not make it so. The Communists have stepped up their use of trade as a weapon in their offensive against us. In considering foreign economic policy, we must take into account the world situation. Foreign economic policy is an integral part of our foreign policy.

Our people and the people of the world eagerly look for relaxation of tensions in the struggle between democracy and communism. Experts tell us that the relaxation and the negotiations leading up to that relaxation may soon be upon us, but, Mr. President, I ask the question, Are we prepared to make full use of the opportunity which the pending negotiations may very well give us?

Those who welcome a respite in the cold and hot war do so in the hope of gaining time. Everywhere people yearn for time—but time to do what? Will we use the time wisely? Time is important only if it is used and used properly. If we waste the time by relaxing, sitting back, and forgetting the stakes and forgetting about the real struggle between the free world and the slave world, then we shall be forfeiting our responsibility to ourselves and to our ideals.

If, however, we recognize the time as a God-given blessing, an opportunity to strengthen ourselves and our allies, then time can help us. There is no more important area of activity that we can engage in in an effort to use the time wisely than the area of international trade activity. This is why:

The Communists have always looked for trade wars within the free world; they have always viewed the free world as an economic unit which they should attempt at all costs to divide. This point of view dates from the period of the Russian revolution, when communism acquired a basis of power in the world.

It had its beginning in Lenin's "Imperialism," written shortly before the revolution. In that work Lenin set forth the view that capitalism had reached the stage of monopoly and finance capitalism. In this stage, he said, domestic markets become saturated, and giant trusts seek to divide world markets among themselves. He predicted that the great capitalist powers would inevitably quarrel over world markets, and that wars would inevitably follow. Communists have thus looked upon both world wars as capitalist wars and as wars which further break down the system of free enterprise, weaken the free part of the world, and prepare the way for world communism.

Stalin himself has always followed this theory. He wrote that "the free world was one entire capitalist system, the various nations of which are interdependent." Capitalism, for Stalin, existed on a world scale, and this thinking conditioned all his strategy.

In the light of this background, it is not so difficult to understand the recent Communist peace offensive. In April of 1952 the Communists held their much-publicized International Economic Conference in Moscow. At this conference they made every effort to bid for trade with the Western World, and to wean away from the Western World those nations which had cast their economic and trading lot with the United States.

In October of 1952, the Russian Communist Party held its 19th party congress. It was for this congress that Stalin himself produced his first major theoretical work in several years—a work which hinted broadly at a coming change in Soviet foreign policy.

Stalin made two main points. The first was that war between communism and capitalism was not inevitable—immediately, at least. Communism could still look for competition for markets between the capitalist nations, and for the trade wars and shooting wars which follow this competition, according to the Marxist theory. Stalin also stated that the economic war waged by the West upon the Iron Curtain countries had in fact brought the Communist world closer together, and, he said, expanded their economies.

Stalin's second point followed from the first—Soviet foreign policy, he said, should seek to aggravate the economic differences of the western world in order to split off certain areas from it. The areas which Stalin mentioned specifically were Western Europe and Japan. Soviet foreign policy, he said, should seek to isolate the United States from its allies. This policy has been rigidly adhered to—with, I regret to say, some success.

It is clear, Mr. President, that the Soviets look upon economic warfare as one of the prime weapons in their arsenal to be used fully during the period of negotiations and apparent relaxation.

Mr. President, we need a program to counter this economic warfare. Our reciprocal trade program is our weapon against the Communist world. But I suggest that we take this program out of the museum and put it into the market place. I suggest that we take it out from under the bushel and reveal it to the world. We have talked reciprocal trade, we have passed bills about reciprocal trade, but we have always had to compromise any measure designed to effectively promote a broadening of the trade program.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. Does the Senator from Minnesota believe that the pending bill in its present form, with all the weakening amendments which have been attached, is an effective and adequate reciprocal trade bill?

Mr. HUMPHREY. I shall direct myself to some of the amendments of the bill. I feel that we could have had a real economic secret weapon, so to speak, which would have had devastating power in terms of an economic offensive in this world. I am afraid that we have reduced its potency and in many ways

weakened its effectiveness by some of the amendments which have been attached to the bill.

Mr. DOUGLAS. Is it not true that it is now practically worthless, with the exception, possibly, of the 50-percent reduction which may be made in duties on goods coming from Japan?

Mr. HUMPHREY. I say to the Senator from Illinois that it is not the kind of bill I had hoped the Senate would pass.

Mr. DOUGLAS. What has become of the proud, new, bold program designed to expand foreign trade—the program about which the administration has been talking?

Mr. HUMPHREY. The Senator from Illinois knows that the administration is great on words and slightly reluctant on performance. The publicity is excellent, but the follow-through is not as firm and direct as the dramatics which are used to describe it.

Mr. President, we need a program to counter the economic warfare that is going on. The lesson of Soviet economic policy for the west is that the problems of free enterprise are truly international—that our security and survival depend upon our working out solutions for these problems together with the other nations of the free world.

Mr. President, it has always amazed me that some of those who are the strongest advocates of free enterprise at home are at times the weakest advocates of an international policy which will fortify and strengthen free enterprise throughout the free nations of the world. It requires a kind of international understanding which, I regret to say, is all but lacking in some quarters.

One way in which we can strengthen free enterprise is through a more liberal trade policy. If we close our doors to trade, the nations of Western Europe may have to turn to the east for markets, food, and raw materials. If we close our doors to trade, the nations of Asia—in whom we have invested millions in foreign aid, and on whom we depend for strength on the borders of communism—may have to turn to their Soviet neighbor for trade, and they will then be swallowed up.

Let us further remember that those nations which have to depend upon trade with the Soviet will have to conduct much of their trade through their governments. Eventually this means government controls, and eventually government ownership. How better could the Soviet subvert free enterprise? And how can we better make free enterprise thrive than to open our doors to trade?

Free enterprise, from the days of Adam Smith, has always been international. The United States, as the leading business nation of the world, and as the political leader of the free world, should recognize the fact.

During this period of the Soviet peace offensive our foreign trade policy is an absolutely vital aspect of our entire security program. I ask that it be treated as such, and not as an adjunct or as a sort of addendum to the security program of this Nation. The trade policy

of our country is as vital to its security as is its military policy or diplomatic policy. It is impossible to separate them. They need to be so regarded. An adequate foreign trade policy and adequate provision for our military defense should be the twin arms of our foreign policy. This is so because the two main arms of Soviet policy are economic warfare, and vast military expansion. We must counter the Soviet at these points.

If we had had as much dedication to a sound international economic policy as we have had to military preparedness, I am sure we would have made greater progress in our struggle against the totalitarian powers. We must counter the Soviets at all points.

It was a source of great regret to me that when the Randall Commission did bring in its report, economic policy was viewed by the Commission as something unique and separate from the rest of our foreign policy. There was no attempt in the report to assess our major objectives in the cold war, and then to look at our foreign economic policy in the light of those objectives.

Let us consider just one of the most grave and urgent of these problems, which lies at the juncture of our foreign policy and our trade policy. Japan has already been mentioned here. The junior Senator from Tennessee discussed our trade relations with Japan with great insight in his speech of last week, which I commend to the Senate.

I think we can all agree on both the gravity and the urgency of the Japanese trade situation. Japan must still import 20 to 25 percent of the food her people consume.

Here, if I may, I should like to quote from an article Mr. John D. Rockefeller, 3d, wrote for Foreign Affairs of last July. Mr. Rockefeller, Senators will remember, served with the Dulles mission to Japan and as an advisor on the Japanese Peace Treaty. He wrote:

The Japanese economy today is in difficulties, and they are increasing. While there are many encouraging elements in the situation, a continuation of present trends cannot go on indefinitely without serious consequences. Thus time is a real factor in the situation.

Mr. Rockefeller continued:

Japan's foreign trade is the lifeblood of her economy. Her economic viability depends upon her being able to export a sufficient volume of goods and services to provide the foreign exchange needed to buy essential imports. To accomplish this she must both increase the volume of her exports and attempt to balance her trade within each of the several currency areas. Since Japan is one of the most important buyers of the world, it is not unreasonable to suggest that if the Japanese market is to continue and grow, those who trade with Japan must buy substantially from her as well as sell heavily to her.

Mr. Rockefeller states that Japan's immediate problem entails an increase of \$1 billion of exports a year. This is not to mention what the future problem will be as the Japanese population increases and at the same time the Japanese seek to raise their standard of living.

I am not suggesting that Japan's trade problem is solely ours or that we alone

can take action to alleviate it. The other leading trade nations of the world must cooperate in reducing trade barriers and in promoting trade throughout the free world. Otherwise, the pressures to trade with the Communists will be more than Japan can withstand.

Mr. President, it is rather regretful that we have not given due consideration to the very obvious fact that the Japanese people are already negotiating with the Soviet Union and with the Chinese Reds an elaborate trade program. Once that is consummated, if it should be culminated by a successful agreement, it will make our relationships with Japan that much more difficult. It has always amazed me how we can become so greatly concerned with small and limited problems, and so little concerned with such an important problem as our relationships with Japan.

I wish to emphasize the fact that our relationships with Japan are not only political; they are essentially economic. The Japanese people cannot live alone on their islands. They must trade. They will trade, Mr. President. The question is, With whom will they trade?

Let us make no mistake about it, no amount of pious statements from our leadership in America or from our friends and allies can solve the difficult economic problems which face the more than 80 million people of Japan. They will either trade with the free nations and with the nations of the world that are yet underdeveloped, or they will trade with the Iron Curtain countries.

Once they trade with those nations, the political pattern will be established. It seems to me that we ought to emphasize that fact much more than we are doing at the present time.

I am afraid we are frittering away our whole security policy by our lack of willingness to act decisively and affirmatively, or by our lack of real interest in what is going on in the economies of the so-called friendly nations with whom we have associated ourselves, and to whom we have granted billions of dollars in aid.

Is it not interesting that in the instance of Japan we have poured into that country billions of dollars of American taxpayers' money, and yet, once having done that, we fail to recognize that we must either continue that kind of charity, gift, and grant, or work out for ourselves and with other nations of the world a trade policy which will permit the Japanese people to live, to eat, and to grow? I warn the Senate that a nation such as Japan does not die quietly, and it will not do so peacefully. It will make every effort to live, and if the door of economic opportunity is closed to Japan by us, she will seek another door. That door will be into the great areas of the Soviet and the Communist satellite states. Once that door is opened, Mr. President, then not only will commerce go on between those countries, but political relationships will come about, and we shall find ourselves in the years to come with terrible problems menacing our security.

I cannot overemphasize the importance of that. I regret that there seems to be a lack of statesmanship which fo-

cuses attention upon these complex problems. The answer is not the H-bomb. That will not solve anything. It will only dissolve humanity.

If we are going to have to do the hard thinking and the hard planning, we should be forwarding an effective trade policy, as the Senator from Illinois has justly pointed out, not a policy that is even now watered down, weakened, and circumscribed to such a point that we may very well have lost the impact which is necessary to do the job.

I might add here, Mr. President, that it is encouraging, in this regard, to note that the Japanese are seeking to meet this problem with our assistance by a program to expand trade in free Asia. It was announced on Saturday they would propose such a program at the conference of free Asian nations opening in Simla, India on May 9. According to the New York Times the Japanese plan would use a portion of the United States regional aid fund to improve the facilities by which each country of the region can produce materials that the other nations of free Asia want to buy.

This is an encouraging note. But only this morning I heard on the CBS World News Round-up a report from Tokyo. A Chinese Communist trade delegation has been in Japan arranging increased trade with Japanese businessmen. The reporter pointed out that only our ban on trade in strategic goods prevents an all-out expansion of trade with Communist China. There is every indication in that direction.

The days of massive economic aid are over. But our expenditures for military assistance to other countries still give those countries the dollars they need to trade with us. The dollar gap is still there; we are still transfusing the needed dollars into the patient. But as the military aid tapers off—as we intend it to—then the dollar gap will be out in the open again for all to see.

And let us not forget that when the other countries of the free world do not have the dollars to buy from us, they are not the only ones who suffer. Our industries suffer too. We export more than we import. If we do not lower our tariffs so that other countries can sell to us, how will they be able to buy from us?

We need a stable, long-term program that will let the other countries of the world know they can count on our foreign-trade policy, that will encourage them to try to build up trade with us and at the same time liberalize their own trade laws to stimulate free world trade.

As I indicated last year, I do not think that the proposals of the President's Commission on Foreign Economic Policy provided such a program. Among other proposals, the Commission recommended that the President's previous authority to cut tariffs to 50 percent of their 1945 level be replaced by authority to reduce tariffs progressively by 15 percent over a 3-year period. It is this recommendation that has been embodied in the bill before us, H. R. 1.

In proposing this, the Commission actually took a backward step, for there

were still many articles on which the Presidential authority to reduce tariffs by 50 percent of the 1945 level had not been used. Also, a 15-percent cut in tariffs over a 3-year period is not much of a cut anyway. For one thing, if agreements are not negotiated during the first year of the act, then there will only be a 10-percent range left to negotiate. And it may well take more than a year to negotiate new tariff agreements.

For another thing, while 15 percent sounds like a lot, it is really not much. Under this provision a 20-percent tariff could be lowered to 17 percent. What a concession. While one of the purposes of our trade policy is to free the channels of world trade by using the negotiating power of our large, domestic market to bring this about, this provision gives us no negotiating power at all.

Finally, the Commission recommended merely a 3-year extension of the Reciprocal Trade Agreements Act. It did not say whether there was any reason to believe that this would encourage foreign producers to trade with the United States. Selling in the American market often requires a large investment in advertising, in retooling, and redesigning. It seems doubtful—combined with the hazards of peril point and the escape clause—that foreign exporters will be willing to make that investment when the Trade Agreements Act is to come up again for renewal in 3 years.

So, there are the proposals of the President's Commission that serve as a basis of H. R. 1. As I have indicated, last year I found them disappointing, and I have not mellowed a great deal in my feeling for them in the year past. But they are something, anyway. They are more than we had to vote for last year or the year before. I am anxious to vote for them. Though it is a moderate program, it is better than nothing. But I wish to point out the contrast between the program and the statements which the administration makes.

The American people have been led by the President, the Secretary of State, and others, to believe that we are entering upon a bold, progressive, broad, comprehensive world-trade program. The truth is that that is merely propaganda; it is only talk. The program itself is indeed modest, and it is indeed anything but bold and forward looking.

Mr. LONG. Mr. President, will the Senator from Minnesota yield for a question?

Mr. HUMPHREY. I yield.

Mr. LONG. I wonder if the Senator will agree with me that one of the difficulties in our program is that certain industries bear almost all the competition from foreign sources while other industries bear none.

Mr. HUMPHREY. The Senator is eminently correct, and in a moment or two I shall come to that point. There is a national trade policy involved which we consider necessary for our national security. But sometimes the burden falls upon a limited number of individuals, firms, or industries. I feel that there must be something done to ameliorate those circumstances.

Mr. LONG. In the case of some industries, foreign imports amount to as much as 50 percent of the domestic market. In the case of some other industries there are no importations of foreign products whatever. There are more than 600 articles which do not come into the United States at all. We should at least provide a quota, perhaps 5 or 10 percent in order that such foreign articles may come into the American market to compete with domestic articles. That would help to keep American industry on its toes in competing with foreign products. Otherwise the 600 articles which are not being imported will probably not be imported in the future, either. The Senator knows that the provision, which was in the bill which would permit a 50 percent reduction in tariff duties on such articles has been eliminated.

Mr. HUMPHREY. That is more of a token expression than a realistic program. When an article is not even imported, to provide for a reduction in the tariff on it is at best psychological and not economic.

Mr. LONG. It would be more practical and would make better sense to provide that if an article is not being imported at all, perhaps a quota may be provided, a certain percentage, without any tariff whatever.

Mr. HUMPHREY. That would stimulate competition.

Mr. LONG. That would spread the burden of foreign trade, rather than to have a few industries take the whole brunt.

Mr. HUMPHREY. I wish to thank the Senator from Louisiana for the contribution he had made to the discussion.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LEHMAN. I wish to congratulate the distinguished Senator from Minnesota upon his very fine and convincing analysis of the situation. I assure him that I am thoroughly in sympathy and agreement with his thesis that our foreign trade must be developed. I strongly support the amendment offered by the junior Senator from Minnesota and the junior Senator from Massachusetts [Mr. KENNEDY] and I hope that the Senator from Minnesota will allocate to me about 3 minutes in order to express my views.

Mr. HUMPHREY. I shall do so.

Mr. LEHMAN. I believe that if we protect certain industries which are individually badly hurt, we will further the entire principle of world trade.

Mr. HUMPHREY. I thank the Senator from New York. In a moment I shall discuss the amendment in detail, because I feel that the amendment, which was really conceived by our colleague, the distinguished junior Senator from Massachusetts, and by Representative WILLIAMS, of New Jersey, is a basic, long-term answer to some of the difficulties we face. I was privileged to be invited to be a cosponsor of the amendment this year because of the illness of the junior Senator from Massachusetts. I was actually the main sponsor, but in his behalf.

Mr. President, I said this was a moderate program, but it is better than nothing. I am ready to support it. In fact, I am more anxious to vote for the pending bill than I was for the bill last year, but I am afraid some of its virtue has disappeared already.

Let us look at the trade policy which the President recommended, or supposedly recommended.

First of all, the escape clause has been compounded to further discourage international trade. It is done in three parts: first, an amendment that ends the 60 days of silence after the Tariff Commission has made its recommendations except under the escape clause to the President. Under the amendment, the findings and recommendations will be made public and published immediately. We all know what this means in terms of the pressure that will be brought on the President in making his decision. I would not get exercised over this addition by itself, but let us consider the other two amendments.

I should like to read the amendment, as the wording presents something of a problem:

Increased imports, either actual or relative shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

The wording is somewhat vague, but that is not unusual when the object is to disguise something. This undoubtedly was purposely made vague. But we have here, I believe, to be fixed into law, the so-called share-the-market doctrine.

The Commission need only find that "increased imports have contributed materially to the serious injury or the threat of serious injury" to an industry. This means that a domestic product could be increasing its sales, but if an imported product were increasing its sales at a faster rate, the escape clause could be invoked. The industry would not even have to be really injured. In fact, it could do quite well.

If it is thriving, how can it be injured? The import only needs to "contribute materially to threaten serious injury"—that is, be in successful competition with the domestic product.

Let me read what President Truman had to say about this doctrine. He wrote to the chairmen of the Ways and Means Committee and the Finance Committee in 1952, explaining why he had turned down a recommendation of the Tariff Commission. President Truman said:

Because of the dangerous precedent which would be involved in accepting this share doctrine as the determinant of serious injury, I should like to emphasize its far-reaching implications. Serious injury, by any definition, means a loss to someone. Declining production, lower employment, lower wages, lower returns, or losses in capital invested—any of these things might indicate some degree of injury. But the share doctrine goes much further. In fact, it finds that serious injury exists when the domestic industry fails to gain something it never had, even though the industry may

be prospering by all the customary standards of levels of production, profits, wages, and employment.

That was the President of the United States speaking to Congress, pointing out the dangers which are implicit in the very amendment now incorporated in the bill.

So, here we are being asked to amend the escape clause to protect robust, healthy industry that has suffered no real injury—when the industry has failed to gain something it never had. Should this be the intent of our tariff policy? Will this encourage trade in the spirit of the Trade Agreements Act we have under consideration? I think not.

But that is not all, Mr. President. There is one more amendment yet to go. This third change in the escape clause instructs the Commission to distinguish between different operations of any business to determine injury. That is, if a business is flourishing in a number of different products, but one single item is threatened by competition from an import, then invoke the escape clause. Here again, we are not concerned with fledgling industry struggling to get its footing established. We are protecting an enterprise with a number of vigorous, fast-selling products, but one item that may not be doing quite so well as a competitor from abroad. Here we have a case where the enterprise could well afford to improve its product or adjust its operation slightly, but we are asked to write into the law protection on an item-by-item basis. Think, also, what this will mean to the Tariff Commission. What a tremendous burden. Such a commodity provision opens the door for petitions to the Tariff Commission on all sorts of individual products. The Commission no longer will be concerned with investigating to determine injury to an entire industry. It must under the bill make its determination on individual commodities.

It should also be pointed out, that this itemization of the escape clause will have another undesirable effect. It will freeze the industry involved in production of a noncompetitive product. Once the business has applied for tariff concessions or had them granted, it will continue to produce the same product without attempting to improve it. The healthy effects of competition will be lost. There will be no attempt at improving a product so protected.

I would suggest that we have here, Mr. President, in these three amendments, modifications of the escape clause that could ultimately destroy the reciprocal trade agreements program. In fact, they raise serious questions about our continued good faith in regard to the trade agreements to which we have already agreed.

Let us not overlook the psychological effects of such measures. We must not forget that the other nations of the world will take what we do here as indicating our future course in world trade.

Our trade agreements program from 1934 to 1947 led the way toward liberalizing world trade. If we now weaken our program we sound the alarm bell that we may be reversing our direction

entirely. Other nations will respond out of fear, and we may see a breaking down of the liberal trade community which has been building up so laboriously since 1934.

It is not my purpose this afternoon to discuss all the committee amendments, but I wish to comment on the amendment that was reached as a compromise—the Byrd-Millikin compromise. This amendment gives the President authority to place import quotas on any articles that threaten to impair the national security.

National security is something we are all in favor of, and I am sure we will all support this amendment. In fact, I am so much in favor of national security that I would like to see the amendment extended to insure national security even more. The provision as it stands would place a quota on any import that threatens to impair national security. This protects us against an overabundance of imports.

But there is another danger to national security—a scarcity of some imports. The report of the Commission on the Nation's natural resources alerted us to these shortages of strategic materials. I suggest we might extend this excellent amendment to encourage the import of these scarce items. In fact, I have had such an amendment printed, and at the conclusion of these remarks I shall call for a vote on it. I suggest that we vote for the needs of the tariff program, the real economic needs.

Is it not logical to state that whenever the Director of the Office of Defense Mobilization finds a strategic material in short supply in the United States, he could so advise the President? The President would then be authorized to lower or suspend the tariff on the scarce commodity so that the national security would not be threatened.

I am not insensitive to the problems of domestic industry and American workers. I am well aware of the motivations that lie behind various amendments for import quotas and higher tariffs on specific commodities. They are entirely honorable motivations. We should be concerned about those industries or communities that are suffering cutbacks in production or localized depression. There will be differences of opinion as to whether these problems are always brought about directly by tariff concessions. But the problems are there. Even if they are not always directly attributable to tariff cuts and imports, they are sometimes thought to be; and what people think to be the truth has a very controlling influence on their decisions. This is a political fact that many of us have to live with. We cannot ignore the pleas of a stricken industry or community for tariff protection, whether the injury from imports is real or merely imagined.

I ask those of my colleagues who are present in the Chamber to listen to me while I discuss the proposal to take into consideration the real needs of industries, communities, business, and labor, which are affected, or at least feel they are affected, by a reduced tariff policy.

At the same time, we have a larger responsibility. We must consider the overall national security. This means, as I have suggested, thinking of the foreign policy consequences of our foreign trade policy. It means also thinking of all those other industries and individuals in our country whose prosperity depends on exports. They can be hurt as much by increasing tariffs and a lessening of world trade as others might be by lowering of tariffs. And we are told that the number involved in our export trade is larger than those affected by imports. So we have a responsibility here, too.

This is a thorny dilemma. It has been debated here, in one form or another, for many years. The arguments are always pretty much the same, and the sides are drawn just as rigidly between the "free-traders" and "the protectionists."

Sometimes we get the feeling, in listening to this debate, that it has all been said before, and we are doomed to hear it all said again, over and over, ad infinitum. Only the voices change; the arguments remain the same. In substance there is great merit to that conclusion, because we are considering an economic policy with which many people have disagreed for generations. Therefore, we are bound to hear the same arguments.

The dilemma persists, for most of us are torn between our responsibility in world affairs, and our genuine concern for those industries and communities adversely affected by our trade policy.

Make no mistake about it, some communities and industries will be adversely affected. I think we have to be honest about this matter. The question is, Who is to pay the price? Are individual industries to pay a disproportionate price for a broad national policy, or are we to try to spread over the entire Nation the cost of such a policy, which is vital to our national security? Is there not something we can do? Why do we stand here and say nothing can be done, or write language into the bill which will mean all things to all people, and generally will mean something to a clever attorney who knows how to press a point, and split an infinitive, and split a law?

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. Is it not true that the Bell Commission advocated compensation for industries and labor adversely affected by reductions in tariffs?

Mr. HUMPHREY. I believe that is correct. I believe the Commission made a specific recommendation along that line.

Mr. DOUGLAS. But that recommendation was rejected by the Randall Commission, the only member voting in favor of it being Mr. David McDonald, head of the United Steelworkers of America.

Mr. HUMPHREY. The Senator is correct. The Randall Commission rejected the very salutary and what I thought was the very sensible proposal of the Bell Commission. It is to that recommendation that attention is called in the Kennedy-Humphrey bill which I

have proposed as an amendment to the pending bill.

Can we not in some way solve this ancient dilemma and find a third way? A way that recognizes our responsibility for leadership in world trade and yet is not without conscience for those persons and businesses who bear the injuries of our lowered tariff policies?

Is it fair for us to ask those few, who are injured in some way, to bear the burden of our world trade responsibilities? Is this not a responsibility for us all to share?

I think that these questions can all be answered, Mr. President. I think we can now see the way to solving that ancient dilemma.

If our foreign trade policy requires that some industries and some communities suffer the competition of increased imports, then that injury should be shared by all. And by sharing it, we can minimize the damage and privation that any one segment of our economy might suffer.

I am speaking of the trade adjustments program, Mr. President, represented by the amendment I have called up. In its idea lies the long-term solution of our trade and tariff dilemma.

It was introduced in the last session, but too late for any action. The Senator from Massachusetts [Mr. KENNEDY] and Representative HARRISON WILLIAMS introduced a bill which embodied features of an adjustment program that had been suggested in the Report of the Randall Commission by Mr. David McDonald, and, as the Senator from Illinois [Mr. DOUGLAS] pointed out, by the Bell Commission, which preceded the Randall Commission.

This proposed legislation has been introduced again in this session by the Senator from Massachusetts [Mr. KENNEDY] and myself in the Senate and by Representatives WILLIAMS and EBERHARTER in the House. I have submitted it both as a Trade Adjustment Act, known as Senate bill 751, and also as amendments to H. R. 1. Let us consider what this proposal will do and how it can solve our dilemma between encouraging free world trade and protecting our own people and industries.

The trade adjustment program would provide assistance to communities, industries, enterprises, and individuals in adjusting to the economic conditions brought about by our trade policy. This is not a subsidy; it is not permanent assistance to enable industries or communities to hobble along. It is assistance to help them over a difficult period of readjustment. My colleagues will see that in the nature of the assistance, it helps industries, and individuals, and communities to help themselves find new solutions to their economic difficulties.

This would be done through the escape clause of the Reciprocal Trade Agreements Act. This is how it would work. When the Tariff Commission recommends to the President that an industry has been injured by tariff concessions, presently he can raise the tariff, impose trade quotas, or take no action at all. Under our amendment, if the President took no action at all he could then notify the Board set up under this act.

The Board would then determine whether the benefits applying under my amendment, or the Trade Adjustment Act, which I proposed as a separate bill, should be extended to any community, business enterprise, industrial development corporation, individual employee, or organization representing employees. These benefits would be limited to a period of 18 months or less unless renewed, after further inquiry and further decision on the part of the President and the Trade Adjustment Board.

What would these benefits be? In what way would this assistance work to help industries and communities to help themselves? Broadly speaking, this assistance would be extended to businesses, to help them develop more efficient methods of production or new lines of production. It would be extended to community or industrial development corporations to assist them in bringing new industry to their area, or developing new production or industry to bring about a more balanced and diversified economy. It would go out to individuals who found themselves unemployed and either needed retraining to enable them to seek new employment or needed assistance in moving to another community where their skills could be employed.

What would be the nature of this assistance? I have spoken about it in rather broad terms. It would include information and advice to industry or community development corporations. Easier tax provisions for building new plants would be allowed and new industries would be encouraged to move to eligible communities. Loans would be extended to eligible businesses under the Small Business Act.

For individual workers who were displaced because of a free-trade policy which may have taken their jobs away, there would be an extension of unemployment compensation, and retraining and assistance in moving to new communities already mentioned. There would also be benefits for those unable to find employment because of advanced age, and I may say this is a very serious matter, Mr. President. If an industry should be compelled to slow down its operations or to close because of an adjustment in a tariff which permitted an increase in imports to the detriment of the industry, we should remember that in that industry there will be employees 61, 62, 63, or 64 years of age, who may find it difficult to obtain jobs in other areas. For those unable, because of their advanced age, to find employment, the retirement age for social-security benefits would be moved up to 60.

Mr. President, the provisions of our amendments are extremely moderate. I recognize that in an area of this sort, one must move with caution and conservatism.

The purpose of the amendments is to find a new approach to the difficulties which arise because of a broadened foreign trade policy which the Nation needs. Certainly the Nation needs it, even though some individuals may be penalized because of it.

Mr. President, as I have said, this suggestion is not intended as a final, perfected mechanism; it is not the last word.

But there is something more than the germ of an idea here. This is a proposal worthy of support and acceptance. It is not a partisan proposal, for it should appeal to the free-trade advocate and protectionist alike—to those who feel the need to lower our tariff barriers, in order to encourage world trade, and those who are concerned that lower tariffs will injure industry here at home.

Those who want lower tariffs should welcome this proposal, for they do not want our domestic industry injured. And those who are concerned about some particular industry or community, should find in this program a way to assist individual enterprise suffering depression, while still promoting the overall national interest by increasing free-world trade.

This readjustment-assistance idea recognizes the great source of magic in American enterprise, namely, our ability to meet changing conditions and to adapt our productive and individual capacities, so as to regain strength and grow with new vigor. We have seen this adaptability in action during war, when our industry made a changeover far greater than anything which would be called for in a program such as this one. We see it every day, in the constant change and adaption our businesses display in meeting competition or accepting the changes of new products or new technological improvement.

There is no doubt that we can use this great adaptability of American industry to meet this problem of injury from imports. The need for such assistance is clear when we recognize that our responsibility to these industries and communities arises out of our national trade policy.

Here is a constructive solution to the old dilemma.

Mr. President, it will do the Members of this body no good to close their eyes to the economic realities and the difficulties which will arise when we adopt a trade policy. There will be some casualties and some difficulties, temporarily. I repeat that they will be temporary. What we need in this case is a mechanism, namely, the friendly, helping hand of the Government which makes the trade policy. The Government should help those who need help to adjust themselves to the policy.

The proposal we make is that the help will be given, not by gift, but by counsel, advice, long-term loans, reasonable rates of interest, and tax concessions to industries which are dislocated, just as during the recent war the Government gave tax concessions or adjustments to industries which were disrupted as a result of the war.

I repeat that the Senate will be derelict in the performance of its responsibility to thousands and thousands of persons in the Nation and to hundreds of American institutions if it does not take into consideration the full impact of a world-trade policy, along the lines which are being discussed here. I hope we shall see it within our wisdom and our sense of good judgment to try to establish, somewhere in the Government, an office or agency or area of interest which will work with those who have

had to pay a disproportionate share of the cost for a much-needed trade policy in our fight against Communist aggression throughout the world.

Mr. President, I commend these amendments to the attention of the Senate. I realize that the amendments were brought up in the committee, and that the committee did not accept them. But, Mr. President, that does not mean that the amendments do not have merit. It simply means that too much attention is being expended upon individual commodities, individual items, and individual industries. Certainly, Mr. President, if we begin to amend a tariff law on that basis, there will be no end to it; the old logrolling will be back in full force, and there will be no sawmill big enough to handle the volume of that business.

Mr. DOUGLAS. Mr. President, will the Senator from Minnesota yield?

The PRESIDING OFFICER (Mr. ERVIN in the chair). Does the Senator from Minnesota yield to the Senator from Illinois?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. The Senator from Minnesota is very generous minded; but, even so, did it ever occur to him that the reason why some persons, at least, oppose the proposal to provide compensation to industries which are injured by reductions in tariffs is that if there were such a provision, one of the potent arguments against reducing tariffs would be removed; and they do not want to be deprived of that argument.

Mr. HUMPHREY. I wish to say to the Senator from Illinois that I appreciate his considering me to be a charitable person, but I am not so charitable or foolish as not to know that what he has said is the truth. Of course, if this tariff-adjustments feature were adopted as an amendment to the pending bill or if it were written into an entirely new law, it would do a great deal to remove the basis of the argument of those who always are opposed to a freer trade policy, because in that case we would be doing what many a State already has done. Let me point out that many States have established assistance agencies to help dislocated industries in their particular areas. So this proposal is nothing new. What we now propose was done extensively in World War II; the Federal Government did it, for there was a realization that it was vital to the national security that such persons or institutions be given help, so they would not be casualties on the economic front.

But now we come to a foreign-trade policy; and the easy answer is to write broad legislation, with one or two amendments to take care of only certain persons. However, I wish to know what the bill contains to take care of the many persons who could not be heard and the thousands of workers who would be temporarily displaced. I am not so much concerned about a person who has sufficient financial resources to tide him over for 2 or 3 years, but I am concerned about the individual or businessman who may find the loss of a year's business or employment literally devastating to his financial position or his occupation.

Mr. President, here is not merely the alternative of raising tariffs and hurting trade, or lowering tariffs and hurting some industry. This program would offer the President a positive alternative to the present sterile possibilities of the escape clause. Here is a proposal which will give us the benefits of increased trade and the continued vigor of all our industries and every segment of our economy. I commend it to the Senate, for the careful attention of its Members.

Mr. President, I conclude by urging that we consider the Trade Adjustment Act as a means whereby we can bring forth, in this session, a Reciprocal Trade Agreements Act, strengthened, not weakened, and worthy of our position of leadership in the free world.

Mr. President, it is my feeling that a nation which is dedicated to the doctrine of private property and to the institutions of free enterprise and the economic philosophy of competition, all of it filled with the democratic feeling of compassion and fair play and justice, would do well, as it legislates in this vital area of foreign trade, to take into consideration the impact of national policy upon individuals, and also to take into consideration the importance of a sensible national policy in the international arena. Mr. President, we can do both. We can have good international policy and foreign trade, and also decent and human national policy in terms of American industry and workers if we will it and if we are willing to settle down to the job of doing it. I regret exceedingly that the committee, in its wisdom, did not see the necessity of adopting such a program.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. JOHNSON of Texas. Mr. President, I yield to the distinguished Senator from New York [Mr. LEHMAN], 3 minutes on the bill.

Mr. LEHMAN. Mr. President, I desire to speak in favor of the amendment offered by the junior Senator from Minnesota [Mr. HUMPHREY]. I shall, of course, support House bill 1, and will oppose all crippling amendments.

However, for many weeks I have been exposed, as has every other Member of this body, to the pleas and arguments of certain industries and individuals claiming to have been injured by this Nation's reciprocal trade agreements program. I have listened to their statements attentively and with much concern.

Having sat as a member of the Subcommittee on Unemployment since March, I have been able, independently, to determine the actual effect of foreign competition on certain industries in the American economy.

While I could not do this job exhaustively because of the incomplete nature of the available statistics and the lack of time, I have been able to come to the conclusion that some few industries in this country have suffered as a result of foreign competition. I might add, however, that the list of these particular industries is considerably smaller than the opponents of the reciprocal trade program have led us to believe.

Mr. President, I have long been motivated in my attitude toward political and economic problems by the principle of equality of sacrifice. This principle is not being served when men and women are being thrown out of work, and when communities in certain instances are rendered economic ghost-towns—all through no fault of either the individual or the community, but as a result of a national policy.

These individuals, these communities, these industries, which are proven victims of a trade program that most Americans support as of great value to our Nation and to the free world—have a right to expect the assistance of the Federal Government, to supplement State and local aid, in adjusting to their economic problems. We must do everything possible to provide assistance.

To refuse to provide such assistance to them would, in the end, undermine our liberal trade program. To ignore the genuine needs of some of our citizens for economic aid is morally wrong and economically unwise.

The relief provided in the Humphrey-Kennedy amendment should be, at one and the same time, effective to cope with the problem of adjustment, and specific enough to employ recognized Federal functions to assist those individuals, communities, and industries adversely affected by a reduction of trade barriers. It seems to me that this proposal is one of the most important that has been made for the purpose of safeguarding the real interests of all the American people in expanded trade.

Legislation to be of enduring value must take into consideration, not only the interests of the majority benefited by it, but also the problems of the minority which may be adversely affected. By adopting this amendment as a part of the reciprocal-trade-agreements program and then approving the bill as amended, Congress will be serving both purposes ably and well.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the Senator from Colorado [Mr. MILLIKIN] in opposition to the amendment.

Mr. MILLIKIN. Mr. President, the precise amendment offered by the distinguished Senator from Minnesota [Mr. HUMPHREY] was before the Commission headed by Mr. Randall. That Commission consisted of 5 Senators, 5 Members of the House, and 5 Presidential appointees from among the citizenship at large.

After very thorough consideration had been given to the amendment, the vote against it was 14 to 1. No one was for it except the man who proposed it. It was considered impracticable. If put into operation it would involve the multiplication of government bureaus and the creation of new machinery. It would involve placing Federal agents in every community of the United States. It was considered that the harm would greatly outweigh the good.

I hope the amendment will be decisively defeated.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from Virginia [Mr. BYRD].

Mr. BYRD. Mr. President, this amendment was considered by the Committee on Finance and rejected by an overwhelming majority. I do not consider the amendment necessary at this time. There already exist various laws which provide for the retraining and relocation of workers and assistance to industries. Those laws could be used. Further experience in the use of the existing devices is essential before a judgment can be made as to whether something additional is needed. Before the proposal made in this amendment could be supported further study would be essential.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. BYRD. I yield.

Mr. HUMPHREY. I wonder if the distinguished chairman of the Finance Committee has given consideration to the question of hearings upon this particular amendment, which, as the Senator knows, I submitted also in the form of a bill, for the purpose of separate consideration. Is the Senator at liberty to give any expression as to whether or not his intentions are along the lines I have indicated?

Mr. BYRD. The amendment proposed by the Senator was fully considered by the Committee on Finance, as the Senator knows. It was also considered by the Randall Commission, of which the Senator from Virginia happens to be a member.

Mr. HUMPHREY. It was also considered by the Bell Commission, and recommended favorably.

Mr. BYRD. That is true. The Randall Commission rejected it almost unanimously, and the Senate Committee on Finance rejected it by a considerable majority. I do not recall what the vote was. It was rejected by a voice vote.

Mr. HUMPHREY. Mr. President, will the Senator further yield?

Mr. BYRD. I yield.

Mr. HUMPHREY. My point was whether or not, at a later date, within the means and the time of the Senate Committee on Finance, the distinguished chairman might see fit to hold hearings upon the proposal which I have introduced in the form of a bill. Does the Senator care to indicate whether or not a staff study should be made and hearings held in order that we might at least look into the merits of the proposal, rather than merely to say that it is not needed?

I point out most respectfully that the Bell Commission was one of the most eminent commissions ever appointed by the Government. The Randall Commission was equally eminent. Those Commissions disagreed as to the merits of the proposal. Therefore, I suggest to my colleagues that it merits thoughtful consideration by the responsible committee, rather than consideration in connection with an overall tariff bill, when insufficient time is available for proper consideration.

Mr. BYRD. If the Senator introduces proposed legislation on the subject, it will receive full consideration by the Committee on Finance.

Mr. JOHNSON of Texas. Mr. President, has the Senator from Minnesota [Mr. HUMPHREY] exhausted his time on the amendment?

The PRESIDING OFFICER. The Senator from Minnesota has exhausted his time.

Mr. JOHNSON of Texas. I yield back the remaining time, and ask for a vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

Mr. DOUGLAS. Mr. President, I believe that on such an important question as this there should be a yea-and-nay vote. While I understand that certain commitments have been made, in good faith, not to have a yea-and-nay vote, and while Senators who made the commitments are honoring them implicitly, inasmuch as I was not a party to any such agreement, I do not regard myself as being bound by it.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	Millikin
Allott	George	Monroney
Anderson	Goldwater	Morse
Barkley	Gore	Mundt
Barrett	Green	Murray
Beall	Hayden	Neely
Bender	Hickenlooper	Neuberger
Bennett	Hill	O'Mahoney
Bible	Holland	Pastore
Bricker	Hruska	Payne
Bridges	Humphrey	Potter
Bush	Ives	Purtell
Butler	Jackson	Robertson
Byrd	Jenner	Russell
Capehart	Johnson, Tex.	Saltonstall
Carlson	Johnston, S. C.	Schoeppel
Case, N. J.	Kefauver	Scott
Case, S. Dak.	Kerr	Smathers
Clements	Kilgore	Smith, Maine
Cotton	Knowland	Smith, N. J.
Curtis	Kuchel	Sparkman
Daniel	Langer	Stennis
Dirksen	Lehman	Symington
Douglas	Long	Thurmond
Duff	Magnuson	Thye
Dworshak	Malone	Watkins
Eastland	Martin, Iowa	Welker
Ellender	Martin, Pa.	Wiley
Ervin	McCarthy	Williams
Flanders	McClellan	Young
Frear	McNamara	

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNING], and the Senator from Montana [Mr. MANSFIELD] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Will the Chair identify the amendment which is before the Senate?

The PRESIDING OFFICER. It is identified as 3-30-55-C, offered by the Senator from Minnesota for himself and the Senator from Massachusetts [Mr. KENNEDY] as a substitute.

Mr. HUMPHREY. Mr. President, did I correctly understand the Chair to say it is a substitute?

The PRESIDING OFFICER. It adds a new title to the bill.

Mr. HUMPHREY. But it is not a substitute for the provision of the bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. HUMPHREY. It is an amendment to the bill.

The PRESIDING OFFICER. That is correct.

Mr. DOUGLAS. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY] on behalf of himself and the junior Senator from Massachusetts [Mr. KENNEDY].

The amendment was rejected.

Mr. WILEY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement I have prepared relative to the bill to extend the Trade Agreements Act.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

I am pleased to state that I shall vote for the pending bill, H. R. 1, to extend the reciprocal trade agreements program.

In my judgment the bill has been written in such a fashion that it can achieve its various goals at home and abroad without harm to the basic objectives of our country.

There are some who feel that last-minute compromises which are being written into the bill, nullify it. I, for one, respectfully disagree. I feel that the amendments which will go to conference will go a long way toward achieving these goals: (a) Notifying the free world that the United States does not propose to return to the days of economic isolation; (b) notifying the people of our own country that we have followed a rule of right reason to afford them protection in those individual instances where a flood of foreign imports, produced at very low wages, could do considerable harm to domestic manufacture, agriculture, and employment.

Down through the years I have always favored the reciprocal trade agreements program in principle. I believe that trade is, and must remain, a two-way street. Nations abroad cannot buy from us unless they sell to us. The cause of world peace and prosperity cannot be served if each nation builds little Chinese walls against the other.

At the same time, I observe certain limitations in the reciprocal trade agreements program. It is not a panacea. It cannot be waved like a magic wand over our domestic and foreign problems. Inequities can result. They result from many causes:

1. In the first instance the United States, with but rare exceptions, has been far more faithful in observing the principle of reciprocity than certain other countries.

2. We have held to the letter and spirit of our agreements, but other lands have imposed all sorts of restrictions on United States imports. They have done this through devious devices such as limiting the availability of foreign exchange, imposing quotas, setting nuisance regulations, and the like.

Reciprocity must be a two-way street, but often it has been more honored in the breach than in the observance.

3. Then, in certain instances, there has been genuine harm inflicted on certain industries. The United States motorcycle industry has practically been wrecked by foreign imports. United States dairying, which at times has witnessed tremendous surpluses in our land, has also found this amazing paradox. At the very time when we were

trying to increase farm income by reasonable parity support, foreign farm products have rushed into our country at lower than our own farm parity support.

Now, I should like to say just a word about my own State.

Wisconsin has traditionally been approximately one-half industrial and one-half agricultural in its production, although in recent years the balance has tipped heavily in favor of industry.

There are a great many companies in Wisconsin which depend crucially on the export trade. Wisconsin products, notably Wisconsin machinery, can be found in the far corners of the earth. It is high-grade, quality product, produced by skilled workmen.

So, too, Wisconsin agricultural products, notably nonfat dry milk solids, have been shipped in tremendous amounts abroad.

On the other hand, numerous manufactured products and dairy items have put Wisconsin producers at a severe disadvantage at times.

In these instances I have taken up this problem with the Tariff Commission, with the State Department, and with the White House. I have had to appeal on several instances for the invocation of the escape clause and peril point procedures. I have not always felt that the provisions which we wrote into the law were faithfully executed as Congress intended them. I have felt that they could bear strengthening, but not, I must say, at the price of destroying the reciprocal trade agreements program as a whole.

What I am basically advocating, therefore, is that the rule of reason prevail. I am advocating that the individual circumstances of the various industries be weighed carefully.

I do not hold with those who dogmatically assert that what we must do is wipe out tariffs. Actually, we need tariffs in a great many instances. And actually, too, the United States is a low tariff country. We have been more sinned against than sinner, insofar as tariff restrictions are concerned.

At the same time, I would oppose those who want to build the gates too high or to wipe out the President's ability to negotiate reasonable tariff agreements.

I feel my responsibility particularly keenly, because as senior minority member of the Senate Foreign Relations Committee I know what we do and say on the trade issue, speaks far more eloquently to innumerable countries than our words and deeds on a great many other subjects. The eyes of the world are upon us.

I do not want the world to say of us that we turned our backs on them economically. But neither do I want the world to say of us that we were so foolish as to believe that our own citizens could be ignored. The American market is the greatest in the world. It belongs primarily to American producers. But that does not mean that fair, reasonable foreign competition is not welcome.

Actually, to my way of thinking, in spite of all the complaints of foreign sources about our tariffs, they can compete with us if they will modernize their own industry and if they will develop their own markets abroad. There is too much yearning exclusively for the "green pastures" in this country. There is too much of a tendency to ignore the fact that Europe, for example, is hobbled with cartels. It is hobbled with restrictive practices, with high-cost, low-production, high-priced manufacturers in highly protected markets. If Europe repaired its own shortcomings, if Europe increased trade among the Western European nations themselves, it would be far better off, than it would be by simply directing its fire and criticism at the American Government and the American tariffs.

This, then, is my sentiment. I shall vote for the bill, and I shall vote for it in good conscience and in consistency with the record which I have compiled here in the Senate in serving my State and Nation since January 1939.

The following are some illustrations of the deep concern felt among many communities of my State regarding the specific impact of particular foreign products. These represent the grassroots of Wisconsin, and they are entitled to be heeded.

These are Americans speaking for American plants, American businesses, and American jobs. They will not be ignored by me, and I trust they will not be ignored by the Congress. They are entitled to our most earnest and sympathetic attention.

MARINETTE & MENOMINEE
TRADES & LABOR COUNCIL,
Marinette, Wis., February 4, 1955.

Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: The central labor body and its affiliates are very much opposed to the legislation pertaining to further tariff cuts.

Our jobs in the glove industry as well as the whole textile industry of the United States are in danger if further tariff cuts are permitted.

We would appreciate your support in opposing any legislation pertaining to tariff cuts and ask your help so that such authority to grant further tariff cuts be withheld from the President.

Sincerely yours,
JOSEPH LeBOUTON,
Chairman, Legislative Committee,
M. & M. Trades & Labor Council.

ZWICKER KNITTING MILLS,
Appleton, Wis., April 5, 1955.
Hon. ALEXANDER WILEY,
Senator, United States Senate Building,
Washington, D. C.

DEAR SENATOR WILEY: Senators BRIDGES and PASTORE have introduced an amendment to H. R. 1 which will strengthen the escape clause provision and safeguard defense industries.

You know how important this is to so many of us in Appleton. We believe that this amendment will allow us to operate at a break-even level, at least, and will also provide a market for importers.

Our aim at Zwicker Knitting Mills has not been to capture an entire market for ourselves. When we appeared before the Tariff Commission, we asked for two-thirds of the market with the other one-third being open to imports. We do object to a law which allows low-wage countries to capture an entire industry without recourse.

Please give this your fullest consideration. We need your help.

Sincerely,
ROBERT W. ZWICKER.

MARINETTE CHAMBER OF COMMERCE,
Marinette, Wis., February 7, 1955.
Recommendations approved by the board of directors of the Marinette, Wis., Chamber of Commerce, February 5, 1955:

"Whereas the Marinette, Wis., Chamber of Commerce agrees in principle with President Eisenhower's views on foreign trade, we urge the President and the Congress to establish tariffs specifically protective to the glove and textile industries of the United States.

"If the 84th Congress abolishes tariffs favorable to the glove and textile industries, there will be a serious threat to the continued employment of upwards of 500 employees of two industries in our city of some 14,000 inhabitants. For years the glove and textile industries have been marginal operations and we believe the industries are

doomed without protective tariffs against goods produced in low-wage countries.

"The Marinette Chamber of Commerce also recommends the extension of the Reciprocal Trade Agreement with Venezuela. We feel it is important to continue the present high level of trade with Venezuela because of mutual benefits to the economies of both nations."

GEORGE S. ROBBINS,
Executive Secretary.

THE MERRILL CHAMBER OF COMMERCE,
Merrill, Wis., January 28, 1955.
Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: It has been brought to the attention of the Merrill Chamber of Commerce, that America's foreign-trade policy has been given number one priority on the congressional calendar during this session of Congress; also that this present bill, H. R. 1, that is now being introduced will give the President the right to reduce duties as they exist by a minimum of 5 percent each year for the next 3 years.

Right now there is a large surge of Japanese imports in the United States and in one category of our industry alone Japan has taken over 37 percent of our glove market. To compete with Japan's labor rate, their machine, and equipment as efficient as ours, and raw materials at our market value, we would have to be 10 to 12 times more efficient than they are.

Since Merrill is among those cities with industry manufacturing of gloves; we would be directly jeopardized by reduced tariff.

We urge your support in maintaining this tariff protection.

Thank you,
Sincerely,
LEONARD C. HACKBARTH,
Secretary.

DULUTH, MINN., April 29, 1955.
Senator ALEXANDER WILEY,
United States Senate, Washington, D. C.:
Strongly urge your support in the Senate and Finance Committee for an amendment to H. R. 1 changing tariff classification of hardboard.

INTERNATIONAL BROTHERHOOD OF PULP,
SULPHITE, AND PAPER MILL WORKERS,
LOCAL NO. 776,
NIELS H. HEDVALL, President.

WEBER VENEER & PLYWOOD Co.,
Shawano, Wis., March 9, 1955.
Senator ALEXANDER WILEY,
Washington, D. C.

DEAR SENATOR WILEY: As there are a number of hardwood plywood plants in Wisconsin that are concerned about the startling amount of foreign plywood imported into this country, the matter of a protective tariff has no doubt been called to your attention before.

According to the latest reports, imported plywoods are now supplying 41.1 percent of the American hardwood plywood markets. In 11 months of 1954, plywood imports amounted to 383.6 million square feet and the total for 1954 is estimated at 440 million square feet, or an increase over 1951 of 600 percent. This volume of imports cannot continue without having some drastic effect on the American plywood industry.

United States Embassy reports from Tokyo show the average wage in Japanese plywood plants is about 11 cents an hour, as compared to an average of over \$1 per hour in American plywood plants. In view of this alarming situation, we urge you to support all legislation favorable toward receiving some relief in this matter of low-priced plywood imports.

In support of the application for relief from low-priced imported plywood, there will

be representatives from 29 plywood companies in attendance at the Tariff Commission hearing on March 22, 1955.

Yours very truly,

CLARENCE R. WEBER,
Managing Partner.

FEBRUARY 8, 1955.

UNITED STATES TARIFF COMMISSION,
Washington, D. C.

DEAR SIR: The legislative and national affairs committee of the Stevens Point, Wis., Chamber of Commerce unanimously opposes any reduction of tariffs on fishing tackle.

This is the fishing tackle capital of the world and our economy would be seriously threatened if the tariff was lowered on foreign made fishing tackle. Our plants could not compete with the foreign plants because of their low labor costs. Our items are predominantly handmade by skilled workers whose wage rate is many times the wage rate in foreign countries. Our people would be thrown out of work and hardships would befall our working population and our entire community.

We urge your support on this matter.

Sincerely,

ROBERT A. FISHER,
Chairman, Legislative and National
Affairs Committee.

HANSEN GLOVE CORP.,
Milwaukee, Wis., January 31, 1955.
Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: As you perhaps know we operate factories in Kiel, Merrill, and Clintonville, Wis., where we manufacture ladies' fabric gloves. This is one of the commodities on the list which will be considered for tariff reductions at the Geneva Conference in February.

Recently bill H. R. 1 has been introduced which would permit the President to reduce all tariffs in existence at July 1, 1955, 5 percent per year for the next 3 years. The effect of this bill would be accumulative inasmuch as any reduction made under it would be in addition to any adjustments made by the Geneva Conference.

Already Japan has taken about 37 percent of our cotton fabric glove market. We are competing with a foreign industry in which the average wage is 11.6 cents per hour. You can readily see the disastrous effect which would be caused by the granting of any additional advantage to these foreign countries through reduced tariffs. It would be a definite threat to our industry and to the jobs of the many people we employ.

Very truly yours,

J. C. BARTH.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, the bill which the Senate is considering will be a good bill if it results in an increase in the number of jobs and the volume of trade in the United States, as well as in other countries. That will be the test. Will it increase trade? Will it increase jobs? Jobs mean trade, and trade means jobs.

We in the United States should be interested in more jobs for more people, and I know we are. We likewise should be interested in more jobs in foreign countries, and particularly we should be interested in doing something to help them create more jobs, to make more products, which the people within those countries can sell to each other.

We in the United States cannot buy everything the world makes. Neither can any other country buy everything

we make. Therefore, if we are going to build up the trade of the world and the trade between nations, other nations of the world will have to find ways and means of creating more jobs and making more things to sell among themselves—not to export, but to sell among themselves.

That is one of the things, Mr. President, in which I am vitally interested. I am vitally interested in more jobs and more trade not only in the United States, but in every nation of the world.

If the proposed legislation will create more jobs and more trade, it will be very successful. I admit that I am not wise enough to know whether it will or will not. I see merit on both sides. I shall support the bill in the hope that it will create more jobs and more trade.

With reference to the amendment offered by the able Senator from Minnesota [Mr. HUMPHREY], it may well be that if the bill shall result in much unemployment in the United States, we may have to do something such as the Senator advocates. But I think the Senate properly rejected the amendment, because no one knows at the moment just what effect the bill will have upon jobs and business in the United States.

Mr. President, I had intended to offer an amendment, but I shall not do so. My amendment would have provided that the standard for tariffs be based upon the cost of the actual wages which go into a given unit, taking into consideration, of course, the cost of living in different countries, the productivity of the worker, and even his tools. I shall not offer such an amendment because I do not think it would have a possibility of acceptance. I think that perhaps some day, if the trade agreements legislation does not work satisfactorily, if it does not create more jobs and develop more trade, it may well be necessary to establish some kind of yardstick which will base tariffs upon the amount, or cost, of labor which goes into a given unit.

I want the world to know that I am interested in three things: More jobs, more trade, and the maintenance of a high standard of living in the United States. These factors are important in order to preserve the great buying power which the laboring men of the United States have because of their high wages.

In the United States a great market exists for goods. The reason we have such a market is that the American people receive high wages. We have high productivity. Our people have jobs, which result in trade and industry. The fact that our people have money means the maintenance of our markets. I am interested in the maintenance of those markets. I believe every seller, whether he be an American seller or one from a foreign nation, should be deeply interested in maintaining the American market. We cannot have an American market unless our people are working and are receiving good wages.

What will the bill do? Will it create more jobs and more trade? Will it increase the standard of living of the American people? Will it increase the wages of the American worker? At the

same time, will it create more jobs in foreign countries, and will the industries in those countries likewise increase the wages of their workers? Furthermore, will the bill enable manufacturers in foreign countries to produce more goods within their own countries, thereby creating more jobs for their own workers and enabling them to sell more things among themselves?

I shall support the proposed legislation on the basis of my hope that it will create more jobs and more trade. If it does not, something can be done about it later. I am hopeful that the bill will accomplish the objective of providing more trade in the United States, although I am not too certain or so positive as are many persons that that will be done.

Mr. CAPEHART subsequently said: Mr. President, earlier today I spoke, and said I had intended to submit an amendment which I had had printed on March 4, but decided not to submit it. At this time I ask unanimous consent that the amendment may be made a part of the remarks I made earlier today.

There being no objection, the amendment intended to be proposed by Mr. CAPEHART was ordered to be printed in the RECORD, as follows:

At the end of the bill insert the following new section:

"SEC. —. No action shall be taken pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), to decrease the duty or grant any other concession on any product of any foreign industry which does not have a wage level at least as high as the wage level required by the Fair Labor Standards Act of 1938, as amended."

Mr. NEELY. Mr. President, I offer an amendment, which I ask to have read.

The PRESIDING OFFICER (Mr. SCOTT in the chair). The amendment offered by the Senator from West Virginia will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. —. Paragraph 1513 of the Tariff Act of 1930, as amended, is amended by striking out "toy marbles," and by inserting after "70 percent ad valorem" the following: "toy glass marbles, 35 percent ad valorem, based on the American selling price as defined in section 402 (g)." The foregoing amendment shall become effective as soon as practicable, on a date to be specified by the President in a notice to the Secretary of the Treasury following such negotiations as may be necessary to effect a modification or termination of any international obligations of the United States with which the amendment might conflict, but in any event not later than 180 days after the passage of this act.

Mr. NEELY. Mr. President, the eulogies on the glories of the Reciprocal Trade Agreements Act, and the millennium which the hopelessly deluded expect it to usher in, have been heard with more patience than acceptance and more charity than belief.

A distinguished son of Pilgrim parents, upon presenting himself to the conference which was to determine whether he was qualified to be a Congregational clergyman, was asked the orthodox question, "Are you willing to be saved by consenting to be damned for the glory of

God?" The candidate said, "No, Mr. Moderator; but I am perfectly willing that you should be."

I am perfectly willing that those who want to be pauperized for the benefit of Venezuela, Saudi Arabia, or the islands of the sea may satisfy their yearning, but they must not expect me to acquiesce in their attempt to extend their blighting folly to those in the coal industry or any other industry of West Virginia.

Mr. President, there are seven glass marble factories in the United States. Six of them are in West Virginia; one is in Illinois. During recent hearings on unemployment held by a Senate subcommittee of which I was the chairman, it was proved that the six glass marble factories in West Virginia are in process of liquidation and that they all will, on or before the first day of next July, close down forever because of the irresistible competition of Japanese marbles which are being sold in the United States for less than the labor cost of making them in West Virginia.

My amendment is designed to afford sufficient protection for these factories to save them from their impending annihilation.

Senators, in imagination, please put yourselves in the places of these distressed factory proprietors and employees, and then vote on the pending amendment in accordance with the Golden Rule, and thereby preserve for your posterity the privilege of playing one of the most typical of American games with marbles made in their own native land.

Mr. JOHNSON of Texas. Mr. President, if there is no request for time on this side, I yield back the remainder of the time and ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. NEELY].

The amendment was rejected.

VISIT TO THE SENATE BY THE HONORABLE P. PIBULSONGGRAM, PRIME MINISTER OF THAILAND

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate stand in recess, subject to the call of the Chair, in order that opportunity may be afforded to receive the Prime Minister of Thailand.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Thereupon (at 2 o'clock and 33 minutes p. m.) the Senate took a recess, subject to the call of the Chair.

The VICE PRESIDENT. The Chair appoints the Senator from Texas [Mr. JOHNSON] and the Senator from California [Mr. KNOWLAND] a committee to escort the guest of the Senate into the Chamber.

At 2 o'clock and 35 minutes p. m., the Prime Minister of Thailand, escorted by the committee appointed by the Vice President, entered the Chamber, and was greeted with prolonged applause.

The Prime Minister took the seat assigned to him immediately in front of the Vice President.

The VICE PRESIDENT. Members of the Senate and guests in the gallery: It is my great privilege to present to the Senate the Prime Minister of the Kingdom of Thailand. The Prime Minister is one of the great leaders of the free world, and he comes from a land of the free.

The Prime Minister of Thailand. [Applause, Senators rising.]

The PRIME MINISTER. Thank you, Mr. Vice President.

I am greatly honored by the cordial welcome you have extended to me and for this opportunity of meeting the Members of such an eminent body of legislators, charged by the Constitution and the people of the United States with important responsibilities concerning both domestic and foreign affairs.

May I take this opportunity, Mr. President, to convey to you and through you, sir, the warm greetings from the Government and people of Thailand to the people of the United States, and my deep gratitude for the gracious and kind welcome I have received from the American people.

We, in Thailand, are still young in the parliamentary form of government which we have had for only 25 years, but our love of freedom is rooted in our history and traditions and is as strong as the love of liberty which has made the United States the great Nation it is today.

I have had the pleasure of personally meeting a number of United States Senators who have been to my country, but I have long had the desire to visit the United States Senate whose wise guidance in matters of foreign policy, which is of particular concern to Thailand and other countries, is of supreme importance during this period of world tensions.

Thailand is proud to have stood with the United Nations and the United States in Korea against aggression, and is proud to be a partner, even though a small one, in the efforts being made by the United States to bring about a lasting period of peace. I believe peace can be achieved through collective strength mustered, not for purposes of aggression or interference in the internal affairs of other nations, but to preserve justice and liberty.

The danger with which we are confronted is real, for not only are the peace and security of Asia, and indeed the world, threatened, but more important than that, their very life and freedom. The people of Thailand shall continue to persevere with all their strength and energy, in the course we have taken, for we believe freedom, democracy, and righteousness will ultimately prevail.

Thank you once again for your friendly welcome. I extend to each one of you a cordial invitation to visit Thailand.

[Prolonged applause, Senators rising.]

The VICE PRESIDENT. Mr. Prime Minister, we appreciate your paying us the honor of this visit. I am sure the Members of the Senate and our guests in the galleries will be interested to know that in addition to the distinguished visitor who is on the floor of the Senate, there is another distinguished visitor in

the gallery who is a leader in humanitarian and philanthropic activities. I refer to the wife of the Prime Minister. I wonder if she will stand and give us an opportunity to see her.

[The wife of the Prime Minister rose from her seat in the gallery, and was greeted with applause.]

The VICE PRESIDENT. Mr. Prime Minister, it is our custom to give all the Members of the Senate an opportunity to meet personally a distinguished visitor. The Senate will remain in recess in order to give an opportunity to Senators to greet you personally.

The majority leader and the minority leader will escort you to the floor of the Senate so that they may introduce you to the Members of the Senate.

Thereupon the majority leader [Mr. JOHNSON of Texas] and the minority leader [Mr. KNOWLAND] escorted the Prime Minister to the well of the Senate and presented him to the Members of the Senate.

At 2 o'clock and 50 minutes p. m. the Senate reassembled when called to order by the Vice President.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, I call up my amendment designated 5-3-55-I and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. On page 14, after line 9, it is proposed to insert the following new section:

SEC. 8. Section 3 of the Trade Agreements Extension Act of 1951 is hereby repealed.

Mr. DOUGLAS. Mr. President, the amendment I have offered would eliminate the peril point provision which was inserted in the Reciprocal Trade Agreements Act in 1948 by the Republican-controlled 80th Congress.

When the Democratic Party came back into power in 1949, following the sweeping victory which it had at the polls, we eliminated the peril point provision.

In 1950, the margin of superiority of the Democratic Party in the Senate and House was greatly narrowed, and in 1951 a compromise was effected, under which the Reciprocal Trade Act was renewed, but as a concession to get the bill through the peril point provision was put into effect.

It is a very interesting fact that up to the present day the peril point provision has been instrumental in preventing any tariff reductions. I read from the staff papers of the Randall report, page 268, the language referring primarily to the peril point provision:

This version of the act made it more difficult for the President to negotiate reductions in tariff duties. In fact, no important

trade agreement activity took place under either the act as modified by the 80th Congress or under the Extension Act of 1951. Some of the proponents of the trade agreements program, in fact, maintain that it is not likely that any action could be taken under the Trade Agreements Act in its modified form. They maintain that the Trade Agreements Act, in its present form, is more important as protectionist, than as trade-liberalizing, legislation.

Mr. President, we should make up our minds whether we really want the liberalization of trade or whether we do not want it. Obvious attempts have been made to cover up that issue, and to prevent any clear-cut decision by this body.

I should like to point out that my party, historically, has always stood for freer trade, for greater commercial intercourse between nations. This has been the almost unanimous opinion of my party, and it has been grounded on solid principles. In the first place, we believe—and it is true—that the wider the area of trade, the greater the opportunity for each area to specialize in the products which it can produce best. The internal prosperity of this country is founded on that very fact. Last night I attempted to give some illustrations to that effect.

What is true internally is true as between nations. The broader the area of trade, the greater the opportunity for the nations to specialize, with the result that all countries benefit from each country's specializing in those commodities which it can produce most efficiently.

In the second place, as Adam Smith observed long ago, the wider the market, the more minute can be the division of labor. The automobile factories of Detroit, if they were limited to selling their goods in Michigan, would be small and relatively inefficient. It is because they have a nationwide market that they can subdivide the manufacturing processes minutely and get increased production, efficiency and lowered costs.

Mr. President, the wider the markets are made, the more minute can be the division of labor, the greater can be the application of capital to the particular process, and the lower will be the cost of production.

We in the State of Illinois are very proud of the productive efficiency of the Caterpillar Tractor Co., the greatest earth moving company in the world. Its efficiency is dependent almost entirely upon the large volume of bulldozers and other earth-moving machinery which it can sell. Shut off its foreign trade—and that is a considerable portion of its market—and its productive efficiency would be crippled, its costs would be raised, and the income of its workers, indeed the income of the American people, would be decreased.

So, Mr. President, the wider the area of trade, the more minute the division of labor, the lower the costs, and the greater our national income.

There is even a third advantage, and this is particularly applicable to the United States. Even if we can produce a wide variety of articles more effectively in each and every instance than can foreign countries, it will still pay us to concentrate on those articles in

which our comparative advantage is greatest.

I mentioned last night that I knew of a country lawyer who was the best attorney in his county and also the best stenographer and the best typist; but he concentrates on the practice of law, from which he can make approximately \$60 a day, hires a typist and stenographer less efficient than he and pays her \$10 a day. Thus he gains from following the law of comparative advantage.

So, Mr. President, the arguments in favor of broader trade are irrefutable and sound. My party has always recognized them. We led the fight through the 19th century for the reduction of tariffs. The greatest expansion of prosperity our country enjoyed took place from 1846 to 1860, under the Walker tariff of 1846 and the tariff of 1857. We battled for such a policy under Grover Cleveland. We carried it into effect under Woodrow Wilson. But then there followed the postwar reaction, and the high tariff laws of 1922 and 1930 were enacted. Those tariff laws diminished our foreign trade and decreased the prosperity of the Nation.

Then, with the advent to power of the Democratic Party in 1933, we passed, under the leadership of Cordell Hull, the reciprocal trade measure of 1934, and since that time tariffs have been reduced, trade has expanded, and the country has not been injured. We have enjoyed the greatest period of prosperity in our history, and we have helped to cement the free nations of the world together in those bonds of trade which underlie all political alliances.

But this policy has been threatened from time to time by protectionist sentiment, carefully engineered and skillfully led. We Democrats were delighted when President Eisenhower announced that he was in favor of freer trade between nations and that he thought the peace of the world might well depend on broader trade. We welcome these converts. We desire no monopoly on good ideas. We do not wish to hug them to our own bosoms alone. We are glad to share them; and we welcome into full fellowship the converts we have made, and extend to them our respect and our love.

But, Mr. President, our good President fell into trouble. He encountered the protectionists of his own party, who worked on him as Samson was worked on by Delilah. They began to cut his hair, and as his hair was cut, his strength diminished, until finally he had almost a crew cut—even less than that—and his strength disappeared. The administration timidly asked for an extension of the act for 1 year.

Then the Randall Commission was appointed, and inside that Randall Commission some extraordinary things went on. Mr. Randall is a distinguished and a very fine citizen of the city of Chicago. I am sure he believed in the cause of freer trade, but I think the high protectionists worked on him and watered his program down little by little. Apparently he succumbed to the Delilah haircutters who operated on him as they had on the President. He was hoping

he could induce them to go along with him, and that he could liberalize them. But what happened, Mr. President? He watered down his claims. All he recommended was a 15-percent reduction in tariff duties in 3 years, or 5 percent a year. It is doubtful whether the full reduction would take place in that time.

We should realize, Mr. President, that a total reduction of existing duties of 15 percent, but merely 5 percent a year, means that if we started off with a tariff of 20 percent, the most it could be reduced would be only 1 percent the first year, another 1 percent the second year, and another 1 percent the third year, if there were a third year. So if there should be a third year—and there is some doubt that there will be—at most, tariff duties could be reduced only to 17 percent.

It is also true—and this is the most constructive feature of the original proposal—that Japan, which had been excluded from the 50-percent provision of the 1945 act, would be made eligible for that provision, and nations which made concessions to Japan could also obtain a 50-percent cut in the duties on their items.

Mr. President, I have heard Japan denounced; but it should be obvious to all of us that Japan and India will determine, in large degree, whether Asia goes Communist. The President has said Japan is the bastion of our defenses. The economic connection of Japan is with Asia. Japan's relationship to Asia is very similar to Great Britain's relationship to the continent of Europe. Both of them are islands lying off the main continental mass, and having few natural resources of their own. Japan's natural complement is China, from which Japan can obtain both coal and iron, and to which she could send, in turn, cotton textiles and machinery.

At the present time, China is in the hands of the Communists. We are properly trying to shut off trade from and with China. But the gravitational pull of China upon Japan is terrific. I hope we can prevent Japan from trading with China, but we can do so only if we provide Japan with alternative markets. Frankly, I think this is the most constructive, and perhaps the only really constructive, feature of the pending bill.

But, Mr. President, the Delilahs not only operated on the President and on the Randall Commission, but now from the Senate Finance Committee we have a series of other crippling amendments. I think some of our good friends should hire out as tariff barbers and haircutters, to deprive the low-tariff movement of its strength. They have made a number of crippling amendments.

In the first place, roughly 1,000 articles not imported into the United States in any appreciable quantity would, under the House version of the bill, be given appreciable decreases in duty. Under the House version, the duties on those commodities could be cut by 50 percent. However, that provision has been eliminated from the Senate version of the bill. Mr. President, some may ask, "If they are imported in negligible quantities, what effect would a reduction of

tariffs have upon them?" In some cases, however, they are imported in negligible quantities because the tariff is so high; and to maintain the tariff at its present height would mean that those commodities would continue to be imported in only negligible quantities. In addition, many other features have been introduced.

For instance, the Tariff Commission would be made an Inspector General over the President of the United States. Mr. President, we know that field soldiers always are distressed when they hear that the Inspector General is coming around. The Tariff Commission would now be put in the position of a walking strawboss over the President; it would be instructed to watch what he does. On pages 11 and 12 of the act before us we find that the Tariff Commission is to keep informed concerning the operation and effect of provisions relating to duties contained in tariff agreements entered into by the President, and at least once a year is to submit to the Congress a factual report on the operation of the trade-agreements program. I do not know that I disagree in theory with that provision; but its practical effect would be that the President would always have the hot breath of the Tariff Commission and the protectionist interests blowing down his neck.

Then the escape clause is tightened still further. All of us know that the peril point can be invoked prior to the negotiation of a trade agreement. But the escape clause is put into effect after our trade agreement has been negotiated.

By section 5, the Tariff Commission would be required to make immediately public its findings and recommendations on escape clause applications to the President, and would be required to cause a summary to be published in the Federal Register. That provision seems innocent enough; but its effect will be to throw upon the President the marshaled forces of those who want specific protection and who are opposed to any reduction in tariffs. That provision would add to the number of Delilah barbers who are ready to cut the strength of the trade agreements, reciprocal-trade program.

Then, even though the domestic producers in an industry found their sales rising, year by year, they still would be able to invoke the escape clause, if they were obtaining a smaller relative share of the total sales.

Mr. LONG. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. LONG. Would it not be true that in a situation such as that of the textile industry, whose real difficulty comes from the domestic competition of nylon, orlon, dacron, and similar fibers which have been invented, the escape-clause action could be invoked on the theory that one-half of 1 percent of imports entering the country had a material effect upon the industry?

Mr. DOUGLAS. The Senator from Louisiana is completely correct. The phrase "material effect" can be used to hurt the cause of reciprocal trade.

Mr. LONG. In other words, even though foreign competition might con-

stitute only a minor problem for the domestic industry, and then only with regard to one line of the commodities the industry is producing, and even though with regard to all other lines it was producing, the industry might be showing very sizable and handsome profits, nevertheless, it would be in order to invoke the escape clause, on the theory that, with regard to one line of commodities being produced, foreign competition was a material cause of decreased sales. Is not that true?

Mr. DOUGLAS. That is true.

Mr. LONG. Not because such competition would be a great or important cause of injury to the particular industry, but because it would be a material cause with regard to one commodity, although the industry as a whole was showing a handsome profit?

Mr. DOUGLAS. That is correct. The phrase used is whether "such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry."

An injury is interpreted, not merely as an absolute decrease in sales, but as a relative decrease. And a slight effect or threatened effect could be regarded as a material contribution.

Let me illustrate that point. Suppose 100,000 units of a commodity were produced in the United States, and suppose 20,000 units were imported. Suppose the United States production rose to 110,000, but suppose the imports increased to 30,000; 30,000 represents an increase of 10,000 over the original imports of 20,000; and the increase is greater, in proportion to the original imports of 20,000 than the increase of 10,000, in proportion to the original domestic production of 100,000. So, even though there had been an increase of 10,000 in the domestic production, the escape clause could be invoked, and the imports would be said to have contributed materially to injury.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MORSE. I seek only information as to the Senator's theory of the case. What checks, if any, does he propose to place upon the President in fixing tariff policy?

Mr. DOUGLAS. I will say that, in general, I am a strong defender of legislative powers, and do not believe in delegating unlimited power to the Executive. Nevertheless, we in Congress are peculiarly subject to the pressures of special interests, which are highly organized and highly financed, and which can exert crushing weight.

The general interest being diffused, is of necessity weak and relatively voiceless. I think this is one of the troubles with modern democracy, which, incidentally, Mr. Walter Lippmann develops at some length in his recent book, "The Public Philosophy." Therefore, modern legislatures have found it very difficult to protect themselves from special interest groups. This is particularly the case in view of the fact that we, as representatives of specific districts or specific States, must of necessity represent our States and our districts.

Whatever the faults of the President may be, the President is elected by the people as a whole, and he is supposed to represent the Nation as a whole. So personally I should like to go back to the original Cordell Hull Reciprocal Trade Agreement Act of 1934, without the peril-point provision, but with the provision that, since the Reciprocal Trade Agreements Act must be renewed every 3 years, at the end of 3 years we could, by a yea-and-nay vote, decide whether or not to continue the policy.

What I think we are seeing now is that, after the first rush of enthusiasm for the Hull policy and for the alleged Eisenhower policy has passed, the shock troops of special interests are coming in and sweeping us off our feet. We are adulterating the measure until it is neither fish nor fowl, and only worthy to be spewed out of the mouths of sincere believers in reciprocal trade.

Mr. MORSE. Does the Senator think his theory of the case resolves itself into giving the President of the United States, for a 3-year period, unchecked powers to fix tariffs according to his discretion?

Mr. DOUGLAS. I should say that the President would be subject to the 3-year renewal of the act. Also, every 4 years the party of the President comes up for election.

Mr. MORSE. Mr. President, will the Senator further yield?

Mr. DOUGLAS. I yield.

Mr. MORSE. Does the Senator agree with me that under this program it would be the Secretary of State who would be the primary adviser to the President with regard to tariff policies?

Mr. DOUGLAS. That is true.

Mr. MORSE. Does the Senator think the record of Mr. Dulles as Secretary of State has been one which inspires confidence in his ability to resist pressures?

Mr. DOUGLAS. Let me say that I prefer not to be personal in my comments.

Mr. MORSE. But we have a situation confronting us—

Mr. DOUGLAS. I think we had a fine Secretary under Harry Truman, one who never received his just due from the American people, and who is beginning to look better and better in comparison with what has happened since then.

Mr. MORSE. I say most respectfully to my friend from Illinois, whom I love very dearly, that unless my ears betray me, I am listening to an argument for personal government in the administration of the trade policy of the United States. I insist that we ought to go back to the constitutional system of checks and balances. It is a pretty sound way of protecting all the people of the country. I do not intend to vote to give any President, Democrat or Republican, the kind of power the Senator from Illinois is proposing.

Mr. DOUGLAS. Let me say in reply to my good friend from Oregon that I believe in democratic government—and, to use the Senator's own phrase, constitutional liberalism—as much as he does.

Last night, at about the same hour of the day when the Senator from Oregon usually takes the floor, I reviewed at some length the history of American tariff policies. I pointed out that from

the tariff of 1816 on, with the exception of the Walker tariff, the Underwood tariff, and the Cordell Hull program, special interests have swept Congress off its feet every time; and I submit that until we show more intestinal fortitude, I have confidence that the principles of broader trade will be better served by a man who represents the United States as a whole than by representatives who, of necessity, are forced to represent the specific interests of their States or districts.

Mr. MORSE. I say most respectfully to the Senator from Illinois that I am familiar with his review of American tariff policies. I disagree with his conclusion on item after item, and I shall reply to him at some length later this afternoon.

Mr. DOUGLAS. I shall welcome the Senator's reply. The Senator from Oregon and I disagree so seldom that it is like a touch of savour so to speak, to find this element of disagreement. It takes some of the monotony out of life when the Senator from Oregon and I differ.

Mr. KERR rose.

Mr. DOUGLAS. The Senator from Oklahoma and I agree less often, so I welcome a question from him. Incidentally, I do not know why it is that Democrats must always fight with Democrats.

Mr. KERR. I will say that the distinguished Senator from Illinois is one of the best answers I know of to that question.

Mr. DOUGLAS. No one can get the better of the Senator from Oklahoma in an exchange of witticisms, and I should not have been so unwary as to try.

Mr. KERR. I thank the distinguished Senator from Illinois.

I will say to him that I know of no one whose kind words I cherish more. Nor is there anyone better able to express himself in terms of dramatic realism than is the Senator from Illinois.

The Senator has been discussing the question of delegating to the President the tariffmaking powers imposed upon the Congress by the Constitution. When the Secretary of State was before the Finance Committee, the Senator from Oklahoma addressed some questions to him as to the authority of the President to delegate to others powers which the Congress would be and has been delegating to the President by the Reciprocal Trade Agreements Acts. The Senator from Oklahoma asked the Secretary of State to what degree the President could delegate such authority. The Secretary of State, in his purpose to make it dramatically clear how far-reaching the President's powers of re-delegating that authority were, made a statement which is inaccurately set forth in the record. I shall state both versions of it. He stated that the President of the United States, if he so desired, could delegate all his authority in that regard to his office boy.

Mr. DOUGLAS. But he would not wish to do so.

Mr. KERR. I think perhaps the statement of the Secretary of State was justified on the basis of the policies which

have been pursued by the President. I think he not only can do so, but has done so.

Mr. DOUGLAS. I do not believe the United States is in danger of having a Caligula for President. I think it was the Roman emperor, Caligula, who decorated his horse and invested it with authority. I do not believe we need fear that power will be delegated to an office boy.

Mr. KERR. As I remember the Roman emperor to whom the Senator has referred delegated the authority which he gave to the whole horse.

Mr. BARKLEY. That involves a question of extremities.

Mr. KERR. But the Senator from Oklahoma made no reference to which extremity he referred.

I asked the Secretary of State to give us the names of the men to whom the President had delegated the authority. I read from the hearings:

Secretary DULLES. Senator, the President can give powers to an office boy, anybody—

Mr. DOUGLAS. Can, but would not.

Mr. KERR. I asked another question, and the Secretary made this statement:

I cannot tell you to whom the President delegated his authority.

I ask the distinguished Senator from Illinois whether he can tell the Senate the name of any one of the negotiators to whom the President has delegated this authority, which the Senator from Illinois is now asking Congress to delegate unfettered to the President.

Mr. DOUGLAS. Is this an examination the Senator is putting me through?

Mr. KERR. Something of that kind.

Mr. DOUGLAS. I do not pretend that I have my lesson perfectly.

Mr. KERR. Does the Senator have it imperfectly?

Mr. DOUGLAS. Yes; very imperfectly. However, I believe that authority has been delegated to the Assistant Secretary of State, Samuel C. Waugh, who is in charge of economic affairs, and a very good banker.

Mr. KERR. I should like to say to the Senator that according to the testimony of Mr. Dulles the only authority delegated to Mr. Waugh was to sign agreements. I asked the Senator if he knew the names of any men to whom the authority to negotiate agreements had been delegated.

Mr. DOUGLAS. Normally speaking, I should not think that Mr. Waugh would sign agreements with which he did not agree.

Mr. KERR. The Secretary of State stated that Mr. Waugh signed as the delegated representative of the President to sign agreements, not to negotiate them.

Mr. DOUGLAS. I take it that I passed the examination.

Mr. KERR. I take it that the Senator has demonstrated that which has always been the position of many who are asking Congress to delegate their authority in the matter of the regulation of foreign trade and commerce, namely, that the Senator does not know to whom the authority will in the end be delegated, or by whom. I challenge the Senator,

if I have not correctly stated the situation, to tell us now or tomorrow or next week to whom the authority has been or will be delegated.

Mr. DOUGLAS. Mr. President, I may say to my good friend from Oklahoma that he has also served in the Armed Forces; and he knows that orders are passed down the line from general to chief of staff to colonel to battalion commander to captain to lieutenant to platoon sergeant to sergeant to corporal to private. Must the general know the name of the corporal in order to have his order carried out? The order is given. The question is whether it is carried out. It is not necessary to be able to identify the particular man with two stripes on his sleeve, or even the pfc, or even the poor private, who carries out the order.

Mr. KERR. I thank the Senator for that statement. I wish to remind him that the Constitution of the United States does not provide for a program under which Congress can delegate to generals, to colonels, to corporals, to privates, or to latrine guards the authority and responsibilities placed by the Constitution upon Members of Congress as the people's representatives. I thank the Senator for illustrating to what extent the authority will be delegated and redelegated and redelegated, until it is lost sight of in the interminable maze of individuals in the Department of State who will exercise the authority.

Mr. DOUGLAS. Until it is finally carried out with celerity and efficiency.

Mr. KERR. I challenge the Senator to show that.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOUGLAS. I wish first to reply to my friend from Oklahoma. Does the Senator maintain that the Reciprocal Trade Agreements Act of 1934 is unconstitutional?

Mr. KERR. I have not made that statement.

Mr. DOUGLAS. That is the Senator's argument.

Mr. KERR. I have not made that statement.

Mr. DOUGLAS. The Senator has stated it was a delegation of power and that it was an unconstitutional delegation of power. The judge of whether it was unconstitutional is the Supreme Court. Has the Supreme Court ever declared the act to be unconstitutional? I ask the Senator from Oklahoma to reply to that question.

Mr. KERR. The Supreme Court of the United States has not so declared. Now I shall ask the Senator from Illinois this question: Upon whom does the Constitution place the responsibility to regulate international trade and commerce?

Mr. DOUGLAS. Primarily upon the President of the United States, I would think.

Mr. KERR. Mr. President, that is an example of the Senator's lack of information. If the President already has the authority, why would the Senator from Illinois be asking Congress to give the authority to the President?

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOUGLAS. Does not the Constitution, in its definition of powers, charge the Executive with the conduct of foreign affairs, with the advice and consent of the Senate?

Mr. KERR. I should like to read to the Senator what the Constitution provides on that point.

Mr. DOUGLAS. While the Senator is looking up the Constitution I shall yield to the Senator from Louisiana.

Mr. KERR. Perhaps the Senator from Illinois is allergic to the Constitution.

Mr. DOUGLAS. No; I am not allergic to the Constitution. That statement is unworthy of the sportsmanship of the Senator from Oklahoma.

Mr. KERR. Then, I withdraw the statement.

Mr. DOUGLAS. The senior Senator from Oklahoma [Mr. KERR] has asked me whether or not the granting of power to the President to negotiate reciprocal-trade agreements is in violation of the Constitution. In his opinion, it is. Although I do not pretend to be a constitutional expert, I say it is not.

I point out to my very good friend from Oklahoma that Congress is given the power to regulate commerce among the several States, and also among Indian tribes, I believe, but it did not exercise that power in the case of railroad rates. Congress instead delegated that power to the Interstate Commerce Commission, and the constitutionality of the Interstate Commerce Act has been upheld.

Furthermore, Congress delegated its powers with respect to unfair competition to the Federal Trade Commission, and the constitutionality of the Federal Trade Commission Act has been upheld.

In the case of foreign trade, the Supreme court has held in, I believe, the Curtiss-Wright export case, involving the Chaco war, that the field of foreign trade is one peculiarly adapted to the delegation of powers by Congress.

So I submit that the Senator from Oklahoma is laboring under a grave misapprehension. He is indulging in a Euclidian argument which has a position but no magnitude.

Mr. O'MAHONEY. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I yield.

Mr. O'MAHONEY. In the quick study with respect to the delegation of legislative power, which the Senator from Illinois has made during the recess a while ago, has he not discovered that such delegations of power are upheld only when Congress has prescribed definite standards? In this instance the point of constitutionality here hinges entirely upon whether any standards are provided in the bill. When the time comes for me to offer my amendment, which provides for the approval of Congress, I shall undertake to show that there are no standards in the bill, and that not a single Member of the Senate who will vote for the bill today can have the slightest idea of how many commodities are to be dealt with and how they

will be dealt with. We are conveying away constitutional legislative power to effect a policy in international trade.

Mr. DOUGLAS. I hold in my hand a copy of the Reciprocal Trade Agreements Act, as amended. Standards are prescribed in sections 4, 5, 6, and 8 which would seem to me to be sufficiently specific, so that an improper delegation of authority cannot be made.

If my good friends, the Senators from Oklahoma and Wyoming, doubt the constitutionality of the law, why not start a suit? So far as I am aware, the act has been in effect for 20 years, and the Supreme Court never has declared it to be unconstitutional. So it is extraordinary to have two Senators, able as they are, now rising to declare unconstitutional a measure which has existed for 20 years and has never been overruled.

It is very easy for us in the Senate to think that we are great constitutional lawyers. I do not pretend to be a constitutional lawyer, but I submit that if it is constitutional for Congress to delegate specific powers in the fields of the regulation of railway rates, of unfair trade practices, and of foreign affairs, in which field the President, under the Constitution, is made primarily responsible, then it is particularly appropriate to do so in this instance.

Mr. O'MAHONEY. Appropriate in what way?

Mr. DOUGLAS. To negotiate treaties.

Mr. O'MAHONEY. Are these treaties?

Mr. DOUGLAS. They are executive agreements.

Mr. O'MAHONEY. That is a new invention of those who have decided that it would be appropriate for the executive branch of the Government to take over the legislative power, and to do so by way of agreement to delegate power.

Mr. DOUGLAS. This is very interesting. In 1922, under the Fordney-McCumber Act, the President was given the power to raise tariffs and to lower them. I heard no objection in the next 12 years that that was an improper delegation of power. Why? It is interesting to observe that in 32 out of 37 cases the Presidents—and Republican Presidents they were—raised the tariffs. That was not said to be an improper delegation of power.

I notice that there has been written into the bill an amendment which gives to the Office of Defense Mobilization and the President the power to impose quotas. If Senators are opposed to the delegation of authority to reduce tariffs, why are they in favor of giving to the President the power to impose quotas? I ask for consistency from my friends.

Mr. KERR. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KERR. I am delighted with the action of the Senator from Illinois and the way in which he has comported himself in responding to my remarks. I have noticed with a great deal of interest his going to the Constitution several times, presumably to read something, but I have not yet heard him read anything from the Constitution.

Mr. DOUGLAS. Let me read from article II, the second paragraph of sec-

tion 2, of the Constitution. Does the Senator from Oklahoma have that before him?

Mr. KERR. Yes; I do.

Mr. DOUGLAS. Article II defines the powers of the President, and the second paragraph of section 2 reads as follows:

He shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur; and he shall nominate and, by and with the advice and consent of the Senate, shall appoint Ambassadors.

And so forth.

Mr. KERR. May I ask the Senator from Illinois in what way that language affects the bill which is now before the Senate?

Mr. DOUGLAS. I should say that the reciprocal trade agreements are executive agreements. The Senator from Oklahoma may be a supporter of the Bricker amendment; I am not. In fact, I think I heard the Senator from Oklahoma last year make one of the eloquent speeches against the Bricker amendment. Does my memory play me false?

Mr. KERR. It does. I must say to the Senator from Illinois that at times I find his memory of events almost as inaccurate as I do his conclusions based on neither reading nor memory.

But the Senator has referred to article II, section 2, of the Constitution, and I have asked him what connection that has with the proposed legislation.

The Senator has read from the Constitution the provision that the President shall have power, by and with the advice and consent of the Senate, to make treaties.

Mr. DOUGLAS. An executive agreement is a subspecies of treaty.

Mr. KERR. But the Constitution also says:

Provided two-thirds of the Senators present concur.

Will the Senator from Illinois name a single one of the executive agreements, as he designates them, which has ever been concurred in by action of two-thirds of the Senators present and voting?

Mr. DOUGLAS. Let me see if I understand the Senator's argument.

Mr. KERR. I am asking the Senator a question.

Mr. DOUGLAS. I am trying to understand the argument of the Senator. Does he contend that the reciprocal trade agreements act is unconstitutional?

Mr. KERR. I have not so stated, despite the fact that the Senator from Illinois twice has said that I have said that, which I have not.

Mr. DOUGLAS. That is the only inference I can draw from the remarks of the Senator from Oklahoma.

Mr. KERR. Cannot the Senator from Illinois answer a question without drawing an inference?

Mr. DOUGLAS. It is pleasant to draw inferences if they are correct.

Mr. KERR. I am happy to be the inspirer of the pleasant reaction in the mind of my great friend from Illinois. If he does not want to answer my question, then I may say to him that it is wise to draw inferences.

Mr. DOUGLAS. I think few Members of the Senate are experts in constitutional law. I merely want to say that more than a century of history has indicated that Congress, when it considered tariff schedules on individual commodities, was subject to terrific special-interest pressures, which made it very difficult for Congress to legislate in the general interest.

As a result, legislative government was brought into a considerable degree of disrepute, and it became evident that if there were to be reductions in tariffs which, in the interests of prosperity and international peace, were necessary, Congress would have to insulate itself to some degree from the pressures which beat in upon us on individual schedules. Therefore, as a measure of self-protection against the terrific pressures, Congress delegated those powers to the President. I submit that wisdom has been justified by its children, since in the 15 years the Hull program operated, there resulted reductions in tariffs and an expansion of prosperity, the free world did get together, and yet Congress, every 3 years, had the power to exercise its veto.

Mr. KERR. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I shall yield, but I also realize that my time is running out, and I should like to complete the substantive portions of my statement.

Mr. KERR. I shall be glad to desist, if the Senator does not care to yield.

Mr. DOUGLAS. I yield.

Mr. KERR. Any relationship between the bill which it is sought to pass today and the Hull reciprocal-trade-agreements program is purely coincidental.

Mr. DOUGLAS. Let me say this is a very much poorer measure than was the Hull proposal, but I was attempting to demonstrate that not only was this measure a compromise by the Randall Commission, and a compromise by the administration in the drafting of the bill, but it was compromised seriously in the Finance Committee, which the distinguished Senator from Oklahoma ornaments.

Mr. KERR. The reciprocal trade agreement program of Cordell Hull was conceived to be an instrumentality to promote reciprocal trade. He recognized that the delegation by the Congress of the authority to the President as placing upon the President a responsibility and a sacred trust, namely, so to act in connection with foreign trade and commerce as to promote it on a reciprocal, two-way basis. Now, if the Senator would care to inform himself, he would find that the record is filled with statements of the present Secretary of State, and that the press has been filled with statements of the President, in which they have clearly stated and repeated that their concept of the pending legislation is that its purpose is to implement the President's responsibility in connection with the conduct of foreign affairs—totally disassociated from the basic concept of the Hull reciprocal trade program, which was to promote reciprocal trade on a two-way basis.

I desire to clear up one more matter, and then I shall be through, and I thank the Senator for the time accorded me. The questions which the Senator from Oklahoma was addressing to the Senator from Illinois were not limited either to the power of Congress to delegate its authority to the President or to the extent to which that had been done; but my questions were directed primarily to finding out, which I did, how little the Senator from Illinois, and, for that matter, most of the others of us, know about the identities of the persons who, in the final analysis, will be the recipients from the President, or from some of his assistants, of the power and authority which we are about to delegate with such casualness and such indifference.

Mr. DOUGLAS. I thank the Senator from Oklahoma for his very complimentary references.

Mr. BARKLEY. Mr. President, will the Senator from Illinois yield? I do not know how much time he has, and I do not want to impinge on his time.

Mr. DOUGLAS. I am always glad to yield to the first Senator of the United States.

Mr. BARKLEY. Oh, I do not go back that far. [Laughter.] I thank the Senator for such an unusual compliment.

The same section of the Constitution which authorizes the Congress to regulate commerce among the States and with foreign nations and with the Indian tribes—which is now only academic—authorizes the Congress to levy duties and imposts, and perform other acts in the regulation of commerce. It is under that same authority, is it not, that Congress established the Interstate Commerce Commission? It realized back in 1887, 100 years after the authority was given to Congress by the Constitution, that it could not regulate all the details, practices, rates, and other important matters in interstate and foreign commerce. Congress, therefore, established the Interstate Commerce Commission, and delegated to it the power and the authority given to Congress under the Constitution, because Congress realized it could not attend to all the details. We do not know who all the examiners are who go forth over this country—

Mr. DOUGLAS. I wonder if the Senator from Oklahoma will tell us who are the examiners of the Interstate Commerce Commission.

Mr. BARKLEY. If I may be allowed to reply, I will say we do not know who they are. Many of us in the Senate do not know who the members of the Interstate Commerce Commission are, and yet we long ago accepted that Commission as a proper body to receive the delegation of congressional authority, and the Supreme Court over and over again has established the legality of such delegation.

Mr. DOUGLAS. That is correct.

Mr. BARKLEY. Congress also established the Federal Trade Commission under the same authority, to help enforce the antitrust laws, and to prescribe rules for the regulation of commerce among the States and among foreign nations, but particularly among the States.

We went from there to the establishment of the Securities and Exchange Commission, which has to do in part with the regulation of interstate commerce, so that the people of the country might have some forum to which to go to ascertain the validity of securities in which they might invest their money.

We established the Federal Communications Commission as one of our regulatory bodies, to regulate a certain form of commerce.

We established the Civil Aeronautics Board to regulate airplanes and air travel all over the country.

All those commissions and bodies were established under the same authority of the Constitution.

We do not know who the agents of the Securities and Exchange Commission are. We do not know them by name. I doubt if any Senator could name all the members of that Commission. I doubt if they could name all the members of the Federal Communications Commission, or of the Federal Trade Commission, or of the Civil Aeronautics Board. Certainly they could not name the examiners who go forth over the country to investigate and make reports so that the various agencies may perform the duties delegated to them by the Congress.

Does the Senator from Illinois see any difference between the establishment of those regulatory agencies and the delegation to them by the Congress of the power and authority to perform duties in regulating commerce which Congress, evidently, cannot perform, and the delegation of the power to fix tariffs?

Mr. DOUGLAS. The Senator from Illinois wishes to thank the Senator from Kentucky for stating with greater copiousness the principal point which the Senator from Illinois was laboring, and I marvel that such an intelligent man as the Senator from Oklahoma does not see the point.

Mr. LONG. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I yield.

Mr. LONG. The statement has been made that there is nothing reciprocal about a trade agreement. If the Senator will refer to pages 1261 and 1262 of the hearings, he will see that I asked Secretary Dulles what our imports and exports were. Secretary Dulles testified that, excluding all military and similar kinds of aid, and taking the actual trade, our exports in 1954, which was the last full year, were \$11,390,000,000, and that our imports were \$10 billion. In other words, we were more than 10 percent ahead. That sounds like reciprocal trade to me, except we are getting the better of it and to the extent of 10 percent. How can people trade with us if they cannot get dollars with which to trade? Who in America would want to get guilders or lira if they could get dollars?

If we are going to trade with other nations, they have to be able to sell to us some of their products, so they can have funds with which to trade with us. Does not that make sense?

Mr. DOUGLAS. It certainly does make sense.

Mr. President, last night, at a late hour, I placed in the RECORD various tables, which are to be found on pages 4684 to 4687. The tables show the specific concessions we have been able to obtain for the concessions we have made. There is no greater libel than the charge that reciprocal trade is a one-way street. We have obtained concessions in return for the concessions we have given.

Mr. LONG. Mr. President, is the Senator from Illinois aware of the fact that, as of the present time, we have a favorable balance of trade—that is to say, in the ordinary sense? We have been trading with other countries, and we have had a favorable balance of trade for so long a time that we now have most of the gold in the world buried at Fort Knox, Kentucky; and the other nations cannot pay us with gold, because they do not have enough of it.

Can the Senator from Illinois suggest some way, other than by giving the other nations an opportunity to trade with us, by which to make it possible for them to pay us for the things they would like to purchase from us?

Mr. DOUGLAS. Certainly I cannot. The only way to build up our exports is to build up our imports. The argument that we should build up exports, but should not permit imports, is obviously self-defeating, when applied broadly. Ultimately, the payments must balance or be equal. Our whole export market—and this is of great importance—depends upon this program.

For instance, let us consider the South. I desire to pay tribute to the South. In the past the South has had more sense on this subject than has any other section of the country. I do not know that that is because of greater intelligence on the part of the South, but it is because the South has been a large exporter of cotton, tobacco, and rice.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The time of the Senator from Illinois on the amendment has expired.

Mr. DOUGLAS. Mr. President, I think I have yielded at least half of my time.

Mr. KERR. Mr. President, I ask unanimous consent that the Senator from Illinois may be allowed 5 minutes in which to conclude his remarks.

The PRESIDING OFFICER. Is there objection?

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. Did the Chair state that the time of the Senator from Illinois on the amendment had expired?

The PRESIDING OFFICER. The Chair did so state.

Mr. BUSH. Mr. President, I desire to be recognized.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma?

Mr. BUSH. Mr. President, I did not hear the request.

The PRESIDING OFFICER. The Senator from Oklahoma requested

unanimous consent that the Senator from Illinois be allowed 5 minutes in which to conclude his presentation.

Mr. JOHNSON of Texas. Mr. President, if agreeable to the Senator from Oklahoma, I will yield 5 minutes on the bill to the Senator from Illinois. I am fearful that if we begin to make requests for additional time, we shall become involved in considerable difficulty.

Mr. KERR. Then, Mr. President, I ask the distinguished Senator from Texas to yield 5 minutes on the bill to the distinguished Senator from Illinois, so as to allow him to conclude his remarks.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes on the bill to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 5 minutes further.

Mr. DOUGLAS. I thank the Senator from Texas and the Senator from Oklahoma.

Mr. President, the pending bill was a weak one when it was introduced. The Finance Committee has now eliminated the provision for a cut of 50 percent on so-called negligible items, some of which are negligible only because the tariff is high, but they could be made appreciable if the tariff were reduced.

The Finance Committee also has eliminated the provision giving the right to reduce the duties charged to Japan this spring; and the committee also has eliminated the provision giving the President the right to go to the next lower figure, in order to get an even percentage.

The bill, as it now is before the Senate, requires the Tariff Commission to report annually to Congress on trade agreements, and really makes the Tariff Commission the Inspector General over the President. The bill requires the Tariff Commission to make findings under the escape clause, and to have them published as they are submitted to the President.

Then there is the extraordinary provision which redefines "domestic industry," so as to allow a specific commodity definition of injury, even when the entire industry is prospering.

The last paragraph gives the Office of Defense Mobilization the power to recommend to the President, and gives the President the power to put import quotas into effect. I suspect that certain Members believe they have received assurances that if they will vote for this bill, an import quota will be imposed on oil or that, at the very least, the imports will be frozen at the existing percentage, if not reduced to 10 percent, as I understand the Senator from West Virginia desires.

What has happened in the case of fluorspar, lead, and zinc, I do not know. But the Senator from Colorado [Mr. MILLIKIN], with his beaming benevolence which reassures all of us, said on Monday that he thought these industries would be adequately taken care of; and I think those who have looked into his benevolent face have concluded that oil, coal, fluorspar, zinc, and lead will have quotas imposed upon them. Whether

such a "deal" was made, I do not know. But the Senator from Colorado has not denied it, and a great many persons are following him.

Mr. MILLIKIN. Mr. President, what is this "deal" that the Senator from Illinois is imagining? He said there was a "deal," and said I did not deny it.

Mr. DOUGLAS. I said the Senator from Colorado had assured questioners, on Monday—and particularly the junior Senator from Texas—that they need not fear that the powers proposed to be granted to the President would not be exercised. He indicated that in all probability they would be exercised to protect oil and coal from importations of residual fuels from Venezuela; and the Senator from Colorado went on to deliver a eulogy about fluorspar, lead, and zinc, the products of his beautiful mountain State.

Mr. MILLIKIN. Mr. President, what is the Senator from Illinois bellyaching about? [Laughter.]

Mr. DOUGLAS. I am not bellyaching. I am merely saying that this bill is being put through on a tacit agreement between the administration and the protectionists, and under it each side can claim a victory. The administration can say that its low-tariff program has been put into effect. The administration can get the publicity; and the boys from Madison Avenue will write it up. But the protectionists will get the bacon.

I want to warn the honest Republican low-tariff supporters on the other side of the aisle—and I pay all respect to them—that when they go for a ride with the Senator from Colorado, they had better remember the limerick:

There was a young lady of Niger,
Who went for a ride on a tiger.
They returned from the ride
With the lady inside,
And a smile on the face of the tiger.

Mr. President, see the Senator from Colorado smile. [Laughter.]

Mr. President, I yield the floor.

Mr. MILLIKIN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield for a question.

Mr. MILLIKIN. I recommend to my colleagues on this side of the aisle that they take a ride with me. I assure them they will never get anywhere by taking a ride with the senior Senator from Illinois. [Laughter.]

Mr. DOUGLAS. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois; and the time of the Senator from Illinois on the amendment has expired.

Mr. DOUGLAS. Mr. President, on the question of agreeing to my amendment, I ask for the yeas and nays.

The yeas and nays were not ordered. Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may now be a quorum call without having the time required therefor charged to either side. The Senator from Illinois has consumed all the time available to

him on his amendment, but Senators who desire to answer him have not used any of the time available to them on the amendment.

If the Senator from Illinois wishes to have a quorum call had, in order to give all Senators an opportunity to hear those on the other side of the pending question, I make the request that the roll be called.

Mr. DOUGLAS. Mr. President, I should like to have a quorum present; but I should like even more to have a yea-and-nay vote on the question of agreeing to my amendment. Of course I should like to have a quorum present to hear the Senators who will speak on the other side of the pending question.

I am willing to withdraw my suggestion of the absence of a quorum if a sufficient number of Senators will second my request for the yeas and nays on the question of agreeing to my amendment.

Mr. JOHNSON of Texas. Mr. President, I have submitted my request.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. A quorum call has been ordered. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	Millikin
Allott	George	Monroney
Anderson	Goldwater	Morse
Barkley	Gore	Mundt
Barrett	Green	Murray
Beall	Hayden	Neely
Bender	Hickenlooper	Neuberger
Bennett	Hill	O'Mahoney
Bible	Holland	Pastore
Bricker	Hruska	Payne
Bridges	Humphrey	Potter
Bush	Ives	Purtell
Butler	Jackson	Robertson
Byrd	Jenner	Russell
Capehart	Johnson, Tex.	Saltonstall
Carlson	Johnston, S. C.	Schoeppel
Case, N. J.	Kefauver	Scott
Case, S. Dak.	Kerr	Smathers
Clements	Kilgore	Smith, Maine
Cotton	Knowland	Smith, N. J.
Curtis	Kuchel	Sparkman
Daniel	Langer	Stennis
Dirksen	Lehman	Symington
Douglas	Long	Thurmond
Duff	Magnuson	Thye
Dworshak	Malone	Watkins
Eastland	Martin, Iowa	Welker
Ellender	Martin, Pa.	Wiley
Ervin	McCarthy	Williams
Flanders	McClellan	Young
Frear	McNamara	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

Mr. KNOWLAND. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Will the Chair or the clerk state the amendment?

The PRESIDING OFFICER. Without objection, the clerk will state the amendment offered by the Senator from Illinois.

The LEGISLATIVE CLERK. On page 14, after line 9, it is proposed to insert the following new section:

SEC. 8. Section 3 of the Trade Agreements Extension Act of 1951 is hereby repealed.

Mr. JOHNSON of Texas. In view of the provisions of the unanimous consent agreement, I believe the time in opposition to the amendment should be controlled by the distinguished minority leader. Therefore, I suggest that the Chair look to him to yield time during the remaining hour of debate on the amendment.

Mr. KNOWLAND. Mr. President, I yield 5 minutes to the Senator from Connecticut [Mr. BUSH].

Mr. BUSH. Mr. President, I have listened intently to the Senator from Illinois. In the earlier part of his remarks he referred to Mr. Clarence Randall, the chairman of the so-called Randall Commission, and he said that Mr. Randall had been, as the Senator put it, watered down by the groups which, the Senator said, exerted pressure upon him during the life of the Commission.

Mr. President, I had the honor to be a member of the Randall Commission. I was 1 of the 5 Senators who were appointed to serve on the Commission; and I should like at this time to pay tribute to Mr. Clarence Randall for the manner in which he performed his duties as chairman of the Commission, which was a very difficult task indeed.

I never saw a man who was less subject to pressure or who so ably presided over a group of men of experience and affairs, and of diverse convictions, who were called upon to consider the important subject of foreign trade.

I wish to make it clear that in my view, Mr. Randall, as chairman of the Randall Commission, rendered a very great service to the United States.

I strongly oppose the amendment offered by the Senator from Illinois. The peril point and escape clause provisions of the act are, in my view, absolutely essential to its proper operation and administration.

I recall very well that in the deliberations of the Randall Commission in 1953, it was I who proposed that the escape clause and peril point provisions of the act be made a part of the recommendations of the Randall Commission. As I recall, there was no opposition, eventually, to including that recommendation in the report to Congress.

The Senator from Illinois has spoken about pressure groups as though there was only one pressure group, and that is the group which favors tariff protection. As a member of the Commission, and as a Senator, I wish to say that I believe the pressure groups among those who wish to do away with tariffs are just about as strong as, if not stronger than, the groups which have upheld tariffs as an essential factor in building up domestic industry and safeguarding jobs and the American standard of living.

Certainly the pressure groups for free trade include the great farm organizations which represent the wheat farmers and grain farmers and cotton interests.

The automobile industry also has exerted very great pressure.

Therefore, when we talk about pressure groups, we must remember that they represent a two-way street. I suggest to the Senator from Illinois that he consider whether the pressures from the so-called freer trade elements are not just as great as the pressures from those who hold the view that to a large degree the industrial development of this country has been based on some element of tariff protection.

In the development of the act since 1934 the peril-point and escape-clause provisions have become of basic importance.

Therefore, I urge the Senate to reject the amendment offered by the Senator from Illinois by a very decisive vote.

Mr. KNOWLAND. Mr. President, I yield 15 minutes to the Senator from Utah [Mr. BENNETT].

Mr. BENNETT. Mr. President, one industry which has been faced with very difficult competition since the end of World War II is the domestic mining industry producing lead and zinc. I believe the experience of that industry and the manner in which the President has faced its problems will illustrate by indirection, at least, the value of maintaining the peril-point and escape-clause provisions.

Under the escape-clause procedure which is now a part of the law the President received a recommendation, unanimously approved by the members of the Tariff Commission, which indicated that the lead and zinc industry had been injured, suggested that the President take appropriate action.

One of the means open to the President, of course, was the restoration of the tariff cut that had been instituted under those provisions of the law. However, we should not believe that that was the only means open to the President.

Instead of restoring the tariff under the normal procedure, the President chose another interesting solution to the problem. That solution was based upon an administrative program, the heart of which was stockpiling.

Today I received a letter from the Honorable Arthur S. Flemming, Director of the Office of Defense Mobilization, who is responsible for the operation of the stockpiling program. I should like to read the letter to the Senate. It is dated today, and reads as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
Washington, D. C., May 4, 1955.
HON. WALLACE BENNETT,
United States Senate,
Washington, D. C.

DEAR SENATOR BENNETT: Pursuant to our recent discussions on lead and zinc, I believe that a brief report on the current situation, as well as an indication of possible Government procurement action over the next few years with regard to these two metals, would be helpful and informative to you.

As you know, on August 20, 1954, the President indicated that the Government was in a position to purchase up to 200,000 tons

of newly mined domestic lead and up to 300,000 tons of newly mined domestic zinc in fiscal year 1955 in order to assist in maintaining the domestic mobilization base for these two important metals which are essential for defense purposes. This procurement under the long-term stockpile program was in conformity with the minerals policy recommended to the President by his special Cabinet Committee on Mineral Policy, of which the long-term stockpile objective concept was approved by the President initially in March 1954.

I ask Senators to note those two dates: March 1954 and August 1954. I continue to read the letter:

This program has contributed in a vital way to a significant improvement in the prices of the 2 metals to the point that lead is now 2½ cents per pound above the low point of February 1954 and in recent months offers of this metal for the stockpile have declined substantially below the offers of a few months ago. The price of zinc is currently 2¾ cents per pound above the low point of 1954 and in recent months offers for the stockpile have likewise declined.

An additional heartening element in the situation for the two metals is that smelter stocks which had been excessively high in mid-1954 have declined substantially. At the present time lead smelter stocks are approximately 60,000 tons compared to about 97,000 tons on June 1, 1954, and zinc smelter stocks are approximately 90,000 tons, compared to 210,000 tons on June 1, 1954.

The closing down of domestic lead-zinc mines has virtually ceased, and in certain areas some mines previously closed have reopened. Moreover, information from abroad indicates that demand for these two metals in world markets is strong, and United States imports for consumption have not increased.

This is the heart of the letter, Mr. President, and I ask all my colleagues to listen carefully, particularly those who are interested in lead and zinc:

The present status of the strategic stockpile indicates that the Government will be in a position to continue to acquire both lead and zinc toward long-term stockpile objectives in 1955, and, it would appear, throughout 1956.

In other words, the Government will continue the stockpiling program for another 20 months. I continue reading from the letter:

In the meantime we are continuing to exert every effort through other appropriate actions and programs that can, in any way, contribute to a bettering of the domestic lead-zinc situation.

I repeat that statement:

In the meantime we are continuing to exert every effort through other appropriate actions and programs that can, in any way, contribute to a bettering of the domestic lead-zinc situation.

I trust that the above information will be reassuring to you in view of your and our concern with the maintenance of a strong, vigorous, and efficient domestic mineral industry, which is essential as a component of our wartime mobilization base and also essential to the long-term economic development of the United States.

Sincerely yours,

ARTHUR S. FLEMMING,
Director.

Mr. Flemming is the Director of the Office of Defense Mobilization.

Mr. President, I think it will be interesting to analyze that letter briefly.

The program which began in March and was really put into high gear in August had some interesting effects. When it was announced in March, the price of zinc went up from 9.4 cents to 10.2 cents, and in August it went up from 11 cents to 11.4 cents. It is now 12 cents, and at no time has that price slipped back.

The lead price, which was 12.8 cents in February of 1954, jumped to 13.9 cents on the March announcement, and from 14.1 cents to 14.6 cents after the August announcement. It is now 15 cents. The combined prices of these two metals are approximately 23 percent higher than when the President made his announcement, and the prices have never slipped back.

One of the interesting and important effects of this program has been the reduction in the domestic stock. Surpluses overhung the market and tended to depress it. If we had had a tariff solution to the problem we might have slowed up the volume of imports, but that would not have had any substantial effect on the overhanging domestic stock.

I pointed out how the amount has dropped. A part of it has been absorbed by the stockpile, and the fact that the stockpile program was in effect has made it possible for this very substantial change, which puts a firm foundation under the present market prices for the minerals.

There are some interesting figures with respect to imports. Taking a 3-month running average, we discovered that in the case of zinc at the beginning of 1954 the averages for the 3 months before March were 49,000 tons a month; April, 43,000 tons; May, 48,000 tons; June, 47,000 tons. In the 5 months from October through February of this year they have averaged between 48,000 and 49,000 tons.

In other words, the net effect of the program has been to level off the rate of imports.

During the period of 3 months when we were waiting for the President to make his decision, the outside producers felt there might be tariffs and they crowded all the lead and zinc into the country they could get in, and in those months the rate of imports climbed, in the case of zinc, as high as 54,000 tons. There is approximately the same record with respect to lead.

Mr. President, I ask unanimous consent that these schedules may be printed at this point in my remarks.

There being no objection, the schedules were ordered to be printed in the RECORD, as follows:

Zinc statistics for 1954 and 1955, by months

[Quantities in short tons]

	United States mine production	Imports, by source ¹							Secondary production	United States consumption of slab zinc	Smelter stocks of slab zinc	Average price, cents per pound
		Total	Canada	Mexico	Peru	Bolivia	Belgian Congo	Other countries				
Total, 1954.....	465, 245	(605, 610)	(256, 720)	(183, 989)	(99, 976)	(11, 324)	(13, 896)	(39, 705)	(83, 394)	(872, 030)	-----	-----
1954—January.....	39, 637	49, 150	13, 068	14, 498	10, 651	4, 977	717	5, 245	6, 881	65, 844	198, 712	9.8
February.....	39, 398	40, 812	14, 707	13, 550	8, 396	1, 730	413	2, 016	6, 206	64, 178	199, 994	9.4
March.....	42, 248	57, 470	24, 682	14, 761	10, 266	3, 494	772	3, 495	6, 969	73, 639	201, 100	9.7
April.....	39, 915	46, 615	19, 978	14, 477	5, 015	688	1, 791	3, 666	6, 810	71, 655	200, 740	10.2
May.....	40, 008	42, 176	19, 480	12, 431	7, 566	71	524	2, 104	6, 874	70, 342	209, 828	10.3
June.....	40, 391	53, 022	24, 730	16, 646	8, 353	637	1, 218	1, 438	6, 917	74, 315	201, 124	11.0
July.....	38, 445	54, 154	30, 896	10, 576	8, 195	74	524	4, 413	6, 833	62, 964	198, 027	11.0
August.....	38, 141	56, 103	23, 104	16, 290	12, 253	101	524	3, 821	7, 462	73, 179	193, 253	11.0
September.....	34, 178	49, 477	16, 317	18, 629	8, 920	77	2, 624	2, 910	8, 241	73, 266	175, 505	11.4
October.....	35, 511	49, 079	15, 747	18, 868	8, 185	68	1, 284	4, 927	8, 369	79, 195	152, 137	11.5
November.....	38, 338	49, 729	21, 374	17, 003	5, 831	66	1, 312	4, 143	7, 804	82, 111	134, 658	11.5
December.....	39, 035	58, 902	32, 491	16, 305	4, 960	53	2, 717	2, 376	8, 028	81, 742	124, 077	11.5
1955—January.....	41, 205	53, 773	23, 449	15, 551	10, 438	-----	149	4, 186	8, 364	85, 119	117, 152	11.5
February.....	38, 917	45, 660	21, 298	13, 769	6, 284	117	1, 061	3, 131	7, 706	80, 202	96, 165	11.5
March.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	90, 837	11.5
April.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	² 12.0

¹ Exports of zinc are only of minor importance. In all of 1954 they were only 25,000 tons.

² Price as of Apr. 20, 1955.

Secondary: Exports, 16,689 for 1954; imports, 1,000 for 1954.

Lead statistics for 1954 and 1955, by months

[Quantities in short tons]

	United States mine production	Imports by source ¹									Secondary ² production	United States consumption	Smelter stocks of refined lead (end of month)	Average price, cents per pound
		Total	Canada	Mexico	Peru	Bolivia	Australia	Yugoslavia	Union of South Africa	Other countries				
Total, 1954.....	(318, 985)	(437, 722)	(100, 497)	(70, 859)	(58, 797)	(13, 522)	(80, 002)	(38, 464)	(35, 506)	(40, 075)	(480, 000)	(1, 095, 000)	-----	-----
1954—January.....	24, 946	25, 226	8, 576	3, 296	2, 354	1, 760	1, 933	430	1, 976	4, 901	31, 702	90, 700	77, 805	13. 3
February.....	27, 624	31, 436	6, 326	3, 852	4, 800	474	6, 981	2, 301	2, 278	4, 424	32, 731	83, 200	83, 183	12. 8
March.....	29, 531	34, 261	9, 747	6, 637	2, 714	2, 020	560	5, 172	3, 866	3, 545	36, 536	93, 200	88, 942	12. 9
April.....	26, 900	40, 317	8, 079	9, 189	4, 939	775	8, 197	-----	3, 078	6, 060	35, 222	93, 700	88, 464	13. 9
May.....	25, 404	42, 195	8, 320	8, 354	6, 290	680	7, 817	3, 767	3, 392	3, 575	34, 999	91, 700	97, 420	14. 0
June.....	26, 253	41, 818	11, 542	6, 343	5, 296	1, 468	3, 791	5, 646	1, 475	6, 257	33, 229	96, 000	94, 828	14. 1
July.....	25, 364	42, 888	12, 910	6, 400	5, 208	1, 127	9, 407	4, 471	1, 932	1, 433	32, 953	82, 000	80, 820	14. 0
August.....	27, 066	38, 499	8, 047	10, 990	5, 787	1, 246	3, 407	3, 175	5, 106	741	33, 009	97, 000	72, 150	14. 1
September.....	25, 001	47, 344	6, 176	5, 750	7, 417	774	16, 581	3, 417	3, 320	3, 909	33, 851	95, 000	79, 190	14. 6
October.....	25, 755	38, 537	7, 229	5, 394	5, 987	1, 233	8, 462	3, 306	3, 541	3, 445	35, 725	91, 000	80, 650	15. 0
November.....	26, 911	24, 824	6, 966	2, 160	3, 898	1, 304	4, 782	1, 903	2, 571	1, 240	32, 094	91, 000	79, 814	15. 0
December.....	28, 230	31, 405	7, 554	2, 244	4, 238	661	8, 185	4, 876	2, 971	676	34, 718	91, 000	77, 829	15. 0
1955—January.....	27, 347	21, 106	4, 407	3, 072	3, 853	-----	5, 451	-----	3, 880	443	35, 947	93, 000	84, 882	15. 0
February.....	26, 581	33, 633	8, 450	3, 776	6, 798	2, 400	3, 760	2, 480	3, 336	2, 633	32, 742	86, 000	64, 938	15. 0
March.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	15. 0
April.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	³ 15. 0

¹ Lead exports are negligible. In all of 1954 they were only 609 tons.³ Price as of Apr. 20, 1955.² Secondary: Imports, 1954, 5,655; exports, 1954, 3,894.Zinc imports: 3-month running averages
[In thousands of short tons]

	Imports	3-month running average
1954—January.....	49	49
February.....	41	
March.....	57	
April.....	46	48
May.....	42	48+
June.....	53	47
July.....	54	50—
August.....	56	54+
September.....	49	53
October.....	49	48+
November.....	50	49+
December.....	49	49+
1955—January.....	54	49
February.....	46	49

Lead imports: 3-month running averages
[In thousands of short tons]

	Imports	3-month running average
1954—January.....	25	30
February.....	31	
March.....	34	
April.....	40	35
May.....	42	37
June.....	42	42
July.....	43	43
August.....	38	41
September.....	47	43
October.....	39	42
November.....	25	37
December.....	31	32
1955—January.....	21	27
February.....	34	29

Mr. BENNETT. Mr. President, the announcement, which is a virtual guaranty, that the stockpiling program will continue for the next 20 months, represents a very great change in the previous policies of the administration. Never before has it committed itself to the purchase of a particular product for stockpiling. But experience of the administration with lead and zinc during the past 8 or 9 months justifies it in feeling that it is safe in making this kind of a proposition to the industry, namely, that it will continue to support the price without being called upon to make any unreasonable investment.

In addition to that, Mr. President, I place great reliance on the words of the

letter which set forth that the Government is continuing to exert every effort through other appropriate actions and programs that can in any way contribute to a bettering of the domestic lead-zinc situation.

This has been given added meaning by section 11 (b) of the bill as it was reported by the Finance Committee, which increases the power of the Office of Defense Mobilization to act quickly in the case of materials essential to the national defense and security.

I discussed the effect of this provision with Mr. Flemming. He pointed out that lead and zinc are already classified as materials essential to the national security, and, therefore, with this particular section left in the bill he will have this greater power in discussing the problems with the Department of State, among other agencies, to make sure that these vital industries shall not be further injured.

It is very interesting, Mr. President, to note that if the President had taken the tariff route to the solution of this problem the greatest increase he could have made in the tariff on zinc would have been 1.4 cents a pound. Under this program it has gone up 2¾ cents a pound.

On lead the greatest increase would have been 1.487 cents a pound. Lead has gone up 2.5 cents a pound.

We have not interfered seriously with our relations with our neighbors to the north and south, and yet we have been able to supply a much firmer foundation for our domestic industry.

In the committee I proposed an amendment which would have placed an import tax on importations of zinc and lead. In the case of zinc there would be a tax of 2 cents whenever the price dropped below 13 cents. In the case of lead there would be a tax of 2 cents whenever the price dropped below 15 cents.

The chief virtue was that the program was flexible, so that it could be called into action when it seemed to be needed. On the other hand, it seems to me, after reviewing the situation, that the Presi-

dent's present program—and I should like to remind Senators that it was called into being as the result of an escape-clause investigation by the Tariff Commission—is actually more effective than would be the program which I originally proposed.

The stockpiling program is flexible. It can be called into action very quickly whenever it is needed. When its support is not needed, it can easily be discontinued.

There are a number of other programs which are in operation already for the benefit of these and other mineral industries. There is the Defense Minerals Exploration program. It is interesting to note that thus far—

The PRESIDING OFFICER. The time of the Senator from Utah has expired.

Mr. KNOWLAND. Mr. President, I yield 5 additional minutes to the Senator from Utah.

Mr. BENNETT. I thank the Senator from California.

Mr. President, it is interesting to note that this project has developed 723 separate programs, of which 161 refer to lead and zinc alone, and 44 to lead, zinc, and copper. There are approximately 200 exploration programs to discover more resources of these metals in the United States. Twenty-one million dollars has been spent by the Federal Government in the overall defense minerals exploration project. Of that amount, \$9 million, or approximately half, has been spent for lead, zinc, and copper.

I am certain that Senators are familiar with the fact that the Geological Survey and the Bureau of Mines are working constantly to improve the methods of mining and the methods of discovering ore, and also the methods of extracting the ore.

On August 20, 1954, President Eisenhower directed the Secretary of State to take action which would make sure that foreign nations would not take unfair advantage of the United States Government stockpile buying program. It can be expected that he will keep a

steady pressure on foreign countries in this regard, and the new power given ODM by the bill provides an additional authority which foreign producers cannot fail to recognize as being a potent weapon behind Mr. Dulles' requests for cooperation in limiting shipments of lead and zinc to the United States.

Such measures already have been taken, and the result, in part, is the comparative leveling off of imports of both these metals. This will have a cumulative beneficial effect on the entire domestic industry.

When we consider these programs in conjunction with the continuation of the stockpiling program, which is now assured for another 20 months, I think we can be certain that, as a result of the escape-clause procedure, the President has been able to develop a program which will be of substantial benefit to an industry which is vital to our national security.

I was willing to withdraw my amendment, which would have provided for the excise import tax, in the face of the demonstrated determination of the President, through his administrative powers, to protect our vital industry.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. BARKLEY. I think the Senator from Utah will recall that during the consideration of the bill in the Committee on Finance, I offered an amendment dealing with the mineral known as fluorspar, which is mined in western Kentucky, southern Illinois, Colorado, and Utah. There was a time when southern Illinois and western Kentucky had a monopoly on the production of this mineral, which is essential in the production of aluminum, steel, and other hard metals.

Discoveries of this metal in Mexico and Canada have brought about a situation whereby at this time approximately 62½ percent of our domestic consumption is imported. This results in a terrific impact upon our domestic fluorspar industry. It is not a large industry, as industries go, but it is an essential industry.

When the amendment in the bill was offered as a substitute for all the commodity amendments, including lead, zinc, fluorspar, and other commodities, I voted, as the Senator from Utah may recall, against the substitution of that amendment for all the others. But when it was agreed to as a substitute, I voted for it as a part of the bill.

Did the Senator from Utah have any conversation with the Defense Mobilizer in regard to the commodity of which I am speaking, or did he limit his conversation or correspondence to zinc and lead? Inasmuch as his State is interested in the fluorspar industry, small as it may be, does the Senator have any assurance from the Defense Mobilizer that the same sort of treatment will be accorded this mineral, which is so essential to the national defense?

Last August the Committee on Finance asked the Tariff Commission to make an investigation and report upon the status of this industry. The Commission has not yet done so. I am, of course, concerned about it, because although the

industry is a small one, it is one of the most essential industries to the national defense, in the entire mineral field.

What can the Senator from Utah say by way of reassurance to those who are interested in this commodity, in regard to the action of the Defense Mobilizer and the President as it may affect the defense requirements of the Government in that field?

Mr. BENNETT. I did not speak with the officials in the ODM in as much detail with regard to fluorspar, but these comments were made: First, lead and zinc are officially in the hands of the ODM as a result of the escape clause provision and a reference from the President. If section 7 (b) is enacted, then it will be possible for the fluorspar industry to go directly to the ODM. If it can establish its essentiality, I think there is every likelihood that some such pattern as that which has been adopted for lead and zinc will be adopted for fluorspar.

The PRESIDING OFFICER. The additional time of the Senator from Utah has expired.

Mr. BARKLEY. Mr. President, will the distinguished Senator from Massachusetts yield an additional 2 minutes of his time, so that I may pursue this colloquy with the Senator from Utah?

Mr. SALTONSTALL. I yield an additional 2 minutes to the Senator from Utah.

Mr. BARKLEY. Does the Senator from Utah have any doubt that the fluorspar industry can establish its essentiality, in view of the unanimous testimony to the effect that fluorspar is an indispensable ingredient in the manufacture of hard substances such as steel and aluminum?

Mr. BENNETT. I have no doubt; but, of course, I am not the one to whom the application for consideration must come.

Mr. BARKLEY. I understand that.

Mr. BENNETT. My friends at ODM told me, with a smile, that they were sure that as soon as the bill had been enacted, there would be 500 or 600 industries knocking on their door for consideration. I do not think it would take ODM very long to determine that the fluorspar industry is one which must be protected. The ODM protected lead and zinc under a program built basically around the stockpiling.

As I understand the bill, the ODM will have at their command the entire scope of tariffs, quotas, restrictions, stockpiling, and any other variation of these programs in order to protect a particular industry, and to meet its particular needs.

Mr. BARKLEY. I hope the smile referred to by the Senator will not turn into a grin or a smirk.

Mr. BENNETT. No; the smile indicated, I think, that those men were bracing themselves somewhat in anticipation of the impact they knew would hit them as soon as the bill had been passed. In fact, it was suggested that if the bill should be passed, I had better be prepared to receive requests for larger appropriations for ODM, so that they could deliver the kind of material which will be needed to take care of the program.

Mr. BARKLEY. I thank the Senator from Utah.

The PRESIDING OFFICER. The time of the Senator from Utah has expired.

Mr. DIRKSEN. Mr. President, will the Senator from Massachusetts yield 1 minute to me, so that I may comment on the subject just discussed by the Senator from Utah and the Senator from Kentucky?

Mr. SALTONSTALL. I yield 1 minute to the Senator from Illinois.

Mr. DIRKSEN. Apropos the remarks made by the Senator from Kentucky, I doubt whether there is an industry in the United States that has been so devastated as has been the fluorspar industry. To be sure, it is a small industry. I think its normal complement is probably 3,000 persons.

I have contemplated submitting an amendment for their relief; but after talking with Arthur Flemming and getting his assurances that he intends to assign top-flight men to the work and that he will expedite every application which is made, I think I am content to abide with the result and to see what will happen.

I emphasize the fact that I know of no other industry which has been so devastated by imports from Spain, Canada, Mexico, and elsewhere. As a matter of fact, the shipments this year are roughly about 23 percent of the normal shipments and production on the 1950 basis.

While the fluorspar industry is a small one, it deserves, as even every other industry deserves, the solicitude and consideration of Congress.

Mr. SALTONSTALL. Mr. President, I yield 5 minutes to the distinguished Senator from Colorado.

Mr. MILLIKIN. Mr. President, the immediate question before the Senate is the amendment offered by the senior Senator from Illinois [Mr. DOUGLAS] to abolish the peril-point provision of the reciprocal trade law.

First, the matter was never even suggested before the Senate Committee on Finance. No such thought was advanced there, and it was never considered. The bill was reported preserving the peril-point provision and the escape clause.

I may say also that the companion bill, which has not been presented by the Senator from Illinois, would abolish the escape clause.

The only way in which we can have a reciprocal trade law that will safeguard American producers from injury is via the escape clause and via the peril point. The peril point serves one-half of the problem. The point is that we shall not make agreements which show in advance that they will go beyond the point which our industries could bear without injury.

The peril point provision is complemented by the escape clause, so that if certain industries should be injured, if the judgment given was insecure and bad when a certain agreement was made, such industries could escape from it.

Those are the two provisions in the whole act which prevent American industry from being injured and destroyed.

I think it would be cataclysmic to eliminate either one of the provisions, or one of them at a time. To eliminate the peril point would put an undue burden on the escape clause procedure. There would be too many actions under the escape clause provision. To eliminate the escape clause but retain the peril point provision would leave us with a sterile procedure to protect ourselves.

I earnestly hope the amendment will be decisively defeated. The procedure has been part of our law for many years. I think it has been universally regarded as a good part of the law. In any event, there has to be something on the statute books—and this is it—to safeguard American industry from injury.

The fact that we have decided there shall be no injury to our industry is no longer a political question.

I earnestly urge my associates to defeat the amendment decisively.

Mr. BARKLEY. Mr. President, will the Senator from Massachusetts yield me 3 minutes?

Mr. SALTONSTALL. I yield 3 minutes to the Senator from Kentucky.

Mr. BARKLEY. Much as I admire the Senator from Illinois, I feel compelled to vote against the amendment. When the Trade Agreements Act was passed in 1934, it contained no peril point provision. In the extension of 1951, the peril point provision was included, and it has been a part of the law since.

My honest opinion is that we would not be able now to pass any sort of bill without the peril point provision in it, and if the pending amendment should be adopted and the peril point provision should be stricken from the bill, the bill itself would in all likelihood not pass.

Whatever one may think of the peril point provision, I believe it is better to pass the bill with that provision retained than to strike it out and run the risk of the bill not passing.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. JOHNSON of Texas. I desire to associate myself with the statement of the Senator from Kentucky. If the amendment of the Senator from Illinois should be adopted, I think the bill would fail, go back to the committee, and we would have no reciprocal trade bill passed this year. That is all I have to say about it.

Mr. SALTONSTALL. Mr. President, I yield back the time remaining to the opposition to the amendment.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Butler	Duff
Allott	Byrd	Dworshak
Anderson	Capehart	Eastland
Barkley	Carlson	Ellender
Barrett	Case, N. J.	Ervin
Beall	Case, S. Dak.	Flanders
Bender	Clements	Frear
Bennett	Cotton	Fulbright
Bible	Curtis	George
Bricker	Daniel	Goldwater
Bridges	Dirksen	Gore
Bush	Douglas	Green

Hayden	Magnuson
Hickenlooper	Malone
Hill	Martin, Iowa
Holland	Martin, Pa.
Hruska	McCarthy
Humphrey	McClellan
Ives	McNamara
Jackson	Millikin
Jenner	Monroney
Johnson, Tex.	Morse
Johnston, S. C.	Mundt
Kefauver	Neely
Kerr	Neuberger
Kilgore	O'Mahoney
Knowland	Pastore
Kuchel	Payne
Langer	Potter
Lehman	Purtell
Long	Robertson

The PRESIDING OFFICER. A quorum is present.

The question is on the amendment offered by the Senator from Illinois [Mr. DOUGLAS]. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk called the roll.

Mr. CLEMENTS. Mr. President, I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNING], and the Senators from Montana [Mr. MANSFIELD and Mr. MURRAY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

I announce, further, that, if present and voting, the Senator from Massachusetts [Mr. KENNEDY] and the Senator from Montana [Mr. MANSFIELD] would vote "nay."

The result was announced—yeas 9, nays 82, as follows:

YEAS—9

Douglas	Gore	Kefauver
Eastland	Hill	McNamara
Fulbright	Humphrey	Sparkman

NAYS—82

Aiken	Frear	Morse
Allott	George	Mundt
Anderson	Goldwater	Neely
Barkley	Green	Neuberger
Barrett	Hayden	O'Mahoney
Beall	Hickenlooper	Pastore
Bender	Holland	Payne
Bennett	Hruska	Potter
Bible	Ives	Purtell
Bricker	Jackson	Robertson
Bridges	Jenner	Russell
Bush	Johnson, Tex.	Saltonstall
Butler	Johnston, S. C.	Schoeppel
Byrd	Kerr	Scott
Capehart	Kilgore	Smathers
Carlson	Knowland	Smith, Maine
Case, N. J.	Kuchel	Smith, N. J.
Case, S. Dak.	Langer	Stennis
Clements	Lehman	Symington
Cotton	Long	Thurmond
Curtis	Magnuson	Thye
Daniel	Malone	Watkins
Dirksen	Martin, Iowa	Welker
Duff	Martin, Pa.	Wiley
Dworshak	McCarthy	Williams
Ellender	McClellan	Young
Ervin	Millikin	
Flanders	Monroney	

NOT VOTING—5

Chavez	Kennedy	Murray
Henning	Mansfield	

So Mr. DOUGLAS' amendment was rejected.

Mr. NEELY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment submitted by the Senator from West Virginia will be stated.

The CHIEF CLERK. On page 13, in line 21, it is proposed to strike out "a new

subsection, as follows," and to insert "the following."

On page 14, in line 9, it is proposed to strike out the quotation marks.

On page 14, after line 9, it is proposed to insert the following:

"(c) The total quantity of crude petroleum and petroleum products (including oil for supplies for vessels at United States ports but excluding oil for manufacture and reexport) which may be imported into the United States in any calendar quarter of any year shall not exceed 10 percent of the total domestic petroleum demand (as determined by the U. S. Bureau of Mines) for the corresponding quarter of the previous year: *Provided*, That the total quantity of residual fuel oil which may be imported into the United States for consumption therein in any calendar quarter of any year shall not exceed 10 percent of the domestic demand for residual fuel oil (as determined by the U. S. Bureau of Mines) for the corresponding quarter of the previous year: *Provided further*, That the quotas established under this subsection may be suspended by the President during any period in which he finds that fuel supplies are inadequate to meet current national consumption.

"(d) The provisions of this section shall be effective notwithstanding the authority granted in section 350 of the Tariff Act of 1930, as amended, or any foreign trade agreement to which the United States is a party."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. NEELY].

Mr. NEELY. I ask for the yeas and nays on my amendment.

The yeas and nays were not ordered.

Mr. NEELY. Mr. President, let me, with much more hope than faith, remind Senators on the other side of the aisle of the Republican Party's historic position on tariff and protection, as disclosed by its platforms, beginning with that on which Abraham Lincoln was elected President of the United States. I ask that the excerpts I am about to read from these notable Republican documents may be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. NEELY. Mr. President, if a sufficient number of those present will support my request for the yeas and nays, today's RECORD will disclose how the simon pure Republicanism of Lincoln, McKinley, and Theodore Roosevelt still survives and how very much of it has been banished to the limbo from which there is no return.

During the present debate Democratic Senators have gone further on the road to free trade than Grover Cleveland or William L. Wilson ever went. But Republican Senators are now outrunning our fleetest-footed Democratic statesmen in the race toward the free-trade goal.

How will these Republicans explain their desertion of this most fundamental principle of the Grand Old Party—the principle on which it kept itself in power for record-breaking periods during the past 94 years?

Compare the Republican statesmanship of today with that of those who wrote the tariff platform planks just

read. Consider those who are now clamoring for the surrender by the Congress of the power to determine tariff rates to a man who did not know whether he was a Republican or a Democrat until he was 59 years old—the most extravagantly overpublicized man the world has ever seen; the man who now—

Bestrides the narrow world
Like a Colossus; while petty men
Walk under his huge legs, and peep about
To find themselves dishonorable (party)
graves.

Even a momentary view of the present decadence of the Republican Party must impel thoughtful men to wish for a modern poet to repeat, subject to proper modification, of what, if anything, is left of the priceless Lincoln heritage Byron's memorable lines:

Ancient of days! (august Athena!) where,
Where are thy men of might? thy grand in
soul?

Gone—glimmering through the dream of
things that were:

First in the race that led to Glory's goal,
They won, and passed away—is this the
whole?

A schoolboy's tale, the wonder of an hour!
The warrior's weapon and the sophist's stole
Are sought in vain, and o'er each mouldering
tower,

Dim with the mist of years, gray flits the
shade of power.

My dear Republican friends, please mark the melancholy prediction. Those of you who vote against the amendment now before the Senate to protect tens of thousands of jobless, impoverished men, suffering women and hungry little children will be voting to bury the Republican Party in the next election in a grave so deep and wide and dark that Gabriel will not be able to resurrect it with his trumpet.

Mr. President, the purpose of the amendment before the Senate is to exterminate an unemployment cancer. Let me speak from testimony that was presented to a Senate subcommittee of which I was the chairman. It has held many hearings on unemployment since the first of March. More than 50 witnesses testified. On-the-spot investigations were made in Altoona, Pa., Pikeville, Ky., and Williamson, W. Va. What did we find in the great Commonwealth of Pennsylvania? Witness after witness testified that the unemployment distress in the coal fields of that State was worse in March 1955 than it was at any time between 1929 and 1933 which, of course, were the years of what is commonly known as the Hoover depression.

We found that in Pennsylvania 9 $\frac{1}{10}$ percent of all the people are now existing on surplus food commodities supplied by the Federal Government.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. DOUGLAS. I warn my good friend from West Virginia to be very careful in what he says, because if he keeps repeating figures like that, Mr. Leonard W. Hall will accuse him of being a prophet of gloom and doom.

Mr. NEELY. Let me assure the distinguished Senator from Illinois that nothing that either Mr. Hall or the one-

party press has said or may say will deter me from expressing my opinion of the distressing conditions which now exist in every coal-producing area in the United States.

(At this point Mr. NEELY yielded, to enable the Senate to greet the Honorable Joe J. Foss, Governor of the State of South Dakota. The proceedings in connection with the Governor's visit appear at another point in the RECORD under the appropriate heading.)

Mr. NEELY. Until 3 months ago West Virginia had the deplorable reputation of having more unemployment distressed areas than any other State in the Union. But recently Kentucky moved ahead of West Virginia in the agonizing unemployment parade, and more than 13 percent of all the people of Kentucky were, at the time of our hearing in that State, existing on the insufficient doles they were receiving from the Federal Government.

One of the Pikeville witnesses was a miner who was the father of 15 children. He told us of his long-continued unemployment and the impossibility of finding work. But he heroically said, in substance, that perhaps he should not complain because one of his near neighbors had, in addition to being pauperized by enforced idleness, lost his child. The father carried the dead child in his arms to a humanitarian undertaker who, without money or price, appropriately performed the last sad services for the little one who had gone to her long home.

Thirty-three miles from Pikeville, at Williamson, W. Va., another unemployment hearing was held. The distress there was similar to that found in Kentucky and Pennsylvania. Newspapers had lost some of their most desirable advertisers; every species of business dependent upon miners' wages was in distress. Here we were again told that the suffering caused by unemployment was greater than it had been at any time between 1929 and 1933. But Williamson is only one of many places in West Virginia where suffering caused by enforced idleness is greater than that which any of the American people should ever be compelled to endure.

During the year preceding the beginning of the Eisenhower administration West Virginians who, because of unemployment or any other reason, were certified as eligible for surplus Federal food products averaged less than 12,000 a month. But a short time after General Eisenhower's inauguration, the 12,000 a month rose to 30,000 a month, and thereafter progressively increased until last month when, according to testimony before our subcommittee, the number of those dependent upon surplus Government food supplies in West Virginia had increased from 12,000 in December 1952 to 253,000 in April 1955.

Mr. President, according to undisputed testimony before our subcommittee, the agonizing unemployment in the coal fields of Pennsylvania, West Virginia, and Kentucky and 16 or 17 other States in the Union has been caused largely by imported residual and other fuel oil.

And how much coal do Senators suppose was displaced by imported fuel oil during the last year on the basis of the rate of importations established during last month? The unquestioned evidence is that it would require a freight train more than 7,000 miles long to haul all that displaced coal. Approximately a fourth of the distress caused by this loss of coal production was suffered by the State of West Virginia, which long has been the greatest coal-producing State in the Union.

Imported oil is depriving our domestic oil industry of hundreds of millions of dollars a year. In the mining regions, merchants, butchers, bakers, grocers, and the proprietors of all other lines of business are suffering heavy losses. The indicated losses attributable to imported oil during the present year are as follows: The coal operators will lose \$165 million; the railroads \$94 million; coal miners \$84 million; railroad workers \$47 million; and Federal, State, and local governmental agencies will lose \$43 million in taxes.

If you think there is no unemployment agony in this country, go to the West Virginia, Pennsylvania, and Kentucky coal fields and see the ghost towns which were once the homes of prosperity and happiness; see the modern breadlines, and the crowds waiting for their Government doles; hear the harrowing stories of children going to bed hungry and suffering from undernourishment from morning till night.

Mr. DOUGLAS. Mr. President, will the Senator from West Virginia yield for a question?

Mr. NEELY. I yield.

Mr. DOUGLAS. I take it the Senator is referring to the distribution of surplus food.

Mr. NEELY. That is correct.

Mr. DOUGLAS. Which is limited, is it not, to virtually dairy products and some vegetables?

Mr. NEELY. That is true.

Mr. DOUGLAS. And the administration has refused to process surplus wheat into flour to be made into bread, so that, in effect, it has denied bread to those who are unemployed, and has said, "Let them eat cheese instead."

Mr. NEELY. That is a fact. When Senators vote on the pending amendment let them remember what the able Senator has just said about bread.

Woodrow Wilson has reminded us that the very first supplication in the Lord's Prayer is "Give us this day our daily bread." It is now, as it always has been, indispensable to proper living by civilized men, women, and children.

When Senators vote on the amendment, let them remember that they are voting not to prohibit the importation of crude and residual oil, but simply to place a reasonable limit on the amount of oil—particularly residual oil—that can be dumped upon our shores.

Mr. President, there have been three notable floods in the history of the world. The first was the deluge. Noah was warned of what was about to happen, and he had enough sense to build an ark, so that he and his wife and six other

members of his family were saved from a watery grave. All the others perished.

The next was the Johnstown flood, in Pennsylvania. A few moments before the dam gave way a railroad engineer galloped down the Conemaugh Valley, shouting, "Run to the hills for your life. The dam is breaking away."

The people ignored the warning. A few minutes later 2,000 persons were hurled into eternity, and more than \$12 million worth of property was destroyed, because a warning was not heeded.

The third great flood is that of imported residual and fuel oil. In terms of human suffering and financial loss, the oil flood defies accurate or even approximate appraisal.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. LANGER. Does the distinguished Senator from West Virginia know that that situation is prevalent not only in the States he has named? I have received resolutions adopted by various chambers of commerce in North Dakota, a State which has large lignite coal fields. The situation in that region is very similar to the one described by the Senator as existing in West Virginia.

I want the Senator from West Virginia to know that I shall support his amendment. I hope we may have a ye and nay vote on it and that it will be agreed to, because it is certainly needed to relieve the condition he has so ably described.

Mr. NEELY. Let me thank the distinguished Senator from North Dakota. In all the years I have known him, he has never failed to vote for humanity, regardless of who happened to be on the other side of the question. He has taken his stand with the unemployed men and women and the hungry children of the industrial areas to which I have referred.

When Senators vote on the pending amendment, let them remember not the billion-dollar corporations that are making fabulous sums out of their dumping operations; not Venezuela which is now one of the most prosperous countries in the world. No; let them remember their own country, their own people, and their own people's unemployment, poverty, hunger, and humiliation. This day we cannot serve both God and mammon. But by voting for suffering humanity, and thereby saving it and serving it, we can and will serve our God.

EXHIBIT 1

(The Republican platform excerpts read to the Senate are as follows:)

1860 PLATFORM

Plank 12: "That, while providing revenue for the support of the general Government by duties upon imports, sound policy requires such an adjustment of these imposts, as to encourage the development of the industrial interests of the whole country."

1888 PLATFORM

We are uncompromisingly in favor of the American system of protection; we protest against its destruction as proposed by the President and his party.

(At that time the President and his party were Democratic.)

1896 PLATFORM

We renew and emphasize our allegiance to the policy of protection as the bulwark of

American industrial independence and the foundation of American development and prosperity. This true American policy taxes foreign products and encourages home industry.

1900 PLATFORM

We renew our faith in the policy of protection to American labor. In that policy our industries have been established, diversified, and maintained.

1940 PLATFORM

We are threatened by unfair competition in world markets and by the invasion of our home markets, especially by the products of State-controlled foreign economies.

VISIT TO THE SENATE BY GOVERNOR FOSS, OF SOUTH DAKOTA

During the delivery of Mr. NEELY'S speech,

Mr. CASE of South Dakota. Mr. President, will the Senator from West Virginia yield to me briefly?

Mr. NEELY. I have so much to say and so little time in which to say it that I can yield only briefly to the distinguished Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I am sure Senators will be interested to know that there is on the floor of the Senate the distinguished Governor of South Dakota. So far as I am aware, he is the only governor of a State who is the holder of the Congressional Medal of Honor. I refer to the gentleman who is sitting at my right.

Gov. Joe Foss was the first ace of World War II, and was awarded the Medal of Honor for his achievements as a combat flier and leader of squadrons in the United States Marine Corps in the tough touch-and-go early battles of World War II in the southwest Pacific.

As Senators know, the Medal of Honor is our highest citation and is awarded in the name of Congress to a person who, in action involving actual combat with the enemy, or in the line of his profession, distinguishes himself conspicuously by gallantry and intrepidity at the risk of his life over and beyond the call of duty and without detriment to his mission. This is the first visit of Governor Foss to Washington since he became Governor of South Dakota.

Mr. President, with the consent of the Senate, I shall insert at this point in the RECORD the official citation by which Governor Foss was awarded the Medal of Honor. I may say that he also has been awarded the Distinguished Flying Cross of the Navy. His citation for the Medal of Honor reads as follows:

JOSEPH JACOB FOSS, CAPTAIN, USMCR

(Born April 17, 1915, Sioux Falls, S. Dak. Appointed from South Dakota. Other Navy awards: Distinguished Flying Cross.)

"For outstanding heroism and courage, above and beyond the call of duty as executive officer of Marine Fighting Squadron 121, First Marine Aircraft Wing, at Guadalcanal. Engaging in almost daily combat with the enemy from October 9 to November 19, 1942, Captain Foss personally shot down 23 Japanese planes and damaged others so severely that their destruction was extremely probable. In addition, during this period, he successfully led a large number of escort missions, skillfully covering reconnaissance, bombing and photographic planes as well as surface craft. On January 15, 1943, he added three more enemy planes to his al-

ready brilliant successes for a record of aerial combat achievement unsurpassed in this war. Boldly searching out an approaching enemy force on January 25, Captain Foss led his 8 F4F Marine planes and 4 Army P-38's into action and, undaunted by tremendously superior numbers, intercepted and struck with such force that 4 Japanese fighters were shot down and the bombers were turned back without releasing a single bomb. His remarkable flying skill, inspiring leadership, and indomitable fighting spirit were distinctive factors in the defense of strategic American positions on Guadalcanal."

I am sure Members of the Senate wish me to say that we are honored to have such a distinguished holder of the Congressional Medal of Honor as the guest of the Senate.

[Applause, Senators rising.]

Mr. CASE of South Dakota. Mr. President, I thank the Senator from West Virginia for yielding to me so that I might introduce the Governor of South Dakota.

Mr. NEELY. I welcome the distinguished Governor from South Dakota, and I congratulate ourselves for having with us today a gentleman who has been awarded the Medal of Honor. I congratulate the distinguished Governor for the services he rendered for which he was awarded the Medal of Honor.

I am sorry to say, however, that the great Governor of South Dakota will not find very many Senators on the other side of the aisle who will get a medal for being Lincoln Republicans, because they will lose that title after the next vote is taken. [Laughter.]

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. NEELY. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from West Virginia has 22 minutes remaining.

Mr. NEELY. I yield to the distinguished Senator from Oklahoma [Mr. KERR] such time as he may desire.

Mr. KERR. Mr. President, I rise to speak in support of the amendment of the distinguished Senator from West Virginia [Mr. NEELY]. The amendment is consistent with the principle of reciprocal trade. It is designed to make certain that the reciprocal trade policy will be a great benefit to friendly nations in the free world, but will not become a penalty, a burden, or a discrimination against domestic industry.

I think as we regard the so-called Neely amendment, we should recognize that the same principle applies not only to the importation of crude oil and residual oil, to the detriment of local producers of coal and oil, but that it applies also, with equal force, to the lead and zinc industry, to the fluorspar industry, and to other industries engaged in the production of resources at home which contribute to our own economy, which are necessary national defense items in

time of war, and which cannot compete with cheap foreign products.

In the limited time available to me, I wish to call the attention of the Senate to a few basic facts. First, 7 companies throughout the world, of which 5 are American, control or own 90 percent of the known oil reserves of the free world. Five of those companies, American companies, find themselves in the position that about 85 percent of their reserves are foreign-owned reserves and 15 percent are domestic-owned reserves.

The importation of oil, Mr. President, is being carried on at this time, and increasing rapidly for the following reasons: It costs on the average about \$1.75 to \$2.50 a barrel to find and produce oil in the continental United States. It costs less than 25 cents a barrel to find and produce oil in the Middle East and put it on board a tanker. And in that area, Mr. President, is contained about 80 percent of the known oil reserves of the free world.

What does that mean? The average well in the Middle East, costing no more than the average well in the United States, whether it be in Texas, North Dakota, Arkansas, or West Virginia, produces an average of 10,000 barrels a day, under proration, or partly shut in. The average well in Oklahoma produces 7 barrels a day. The average well in the United States, either because of partial depletion or low initial production or proration, produces less than 12 barrels a day.

What chance is there in wide open competition for the American producer who has to pay from \$1.75 to \$2.50 a barrel to find and produce his oil, when the average producer in the Middle East can put his oil on a tanker at from 20 to 25 cents a barrel?

The opponents of this amendment say that the amendment added to the bill by the Finance Committee of the Senate is effective. It is based on a report of the President's Cabinet Fuels Committee. That Cabinet committee report is in the record and is part of the committee report on the bill. It is the opinion of that Cabinet committee that any appreciable increase in the rate of imports above the rate last year would impair the national defense.

We have been told that, under the amendment reported by the committee and attached to the bill, a cooperative program will be worked out; that either the importers will agree or the administration will put in motion machinery to compel the limitation of imports on the basis of last year's importations.

Mr. President, representatives of the companies who do the importing said on the witness stand that they knew of no way to bring about effective limitations on imports in the absence of legislation, and the record bears that out, because already, in the first quarter of this year, importations were running from 20 to 25 percent above those of a year ago, and in many weeks in the first quarter the daily importation was as much as 40 percent above what it was a year ago.

How can an agreement or a proposal or a request be depended upon when

it is implemented or put into effect during the time legislation is under consideration to bring it about by action of the Congress?

Moreover, when was it appropriate or wise to depend upon persons beyond the reach of the Congress or the administration to put into effect by agreement that which was required for the national defense when it is the bounden constitutional duty of the Congress of the United States by legislation to provide the requirements with respect to commodities involving, and necessary to, the national defense?

My great friend from Illinois made a powerful speech today, in which he set forth that the Congress should delegate this duty to the President because the Congress has not the guts to meet its constitutional duty; that Congress cannot stand the pressure, and it should delegate the authority to the President of the United States. Who would then have to withstand the pressure? The Secretary of State, John Foster Dulles.

I must say that, Republican though he be, I respect his integrity; but the only men who have had more to say about his instability than those on this side of the aisle have been Senators on the other side of the aisle. They did not wait for former President Harry Truman to come to Washington and refer to the foreign policy of our Government as being based on trickery. Right here on the floor of the Senate I heard an interchange a few weeks ago between the distinguished Senator from California [Mr. KNOWLAND], the distinguished Senator from New Hampshire [Mr. BRIDGES], the distinguished Senator from Minnesota [Mr. HUMPHREY], and the distinguished Senator from Montana [Mr. MANSFIELD]. They stated to the Senate, to the United States, and to the world that they were shocked and astounded at the instability of the Secretary of State. He had said on a certain Monday that under no circumstances would the papers on the Yalta Conference be released, because the release of such papers would impair the security of our Nation and our relationship with our allies. At that very moment, it later developed, he was in the process of leaking a copy of those papers and that report to a great newspaper.

The Senator from California and the Senator from New Hampshire said they were shocked. The Senator from Minnesota and the Senator from Montana said they were astounded at such irresponsibility in high places, Mr. President. Yet, it is proposed in the Senate to transfer and delegate the authority and responsibility of the Congress to John Foster Dulles, because we have not the intestinal fortitude to withstand pressure.

A week ago Saturday, I believe it was, the Department of State announced to the world that under no circumstances would this Government consult or negotiate with Chou En-lai, of Red China, unless our cherished ally Chiang Kai-shek was present. That news went around the world, but the echoes of it had not ceased to reverberate before John Foster Dulles, after a little pressure and a few cheers at a National Press

Club address delivered by the great dean of the Senate, the Senator from Georgia [Mr. GEORGE], said we would meet Chou En-lai anywhere and negotiate with him alone.

Pressure? There is not a page employed by the Senate who has not more fortitude to withstand pressure than has John Foster Dulles. Yet we are asked to let the future welfare and employment of tens of thousands of coal miners, of lead and zinc miners, of oil field workers, and, indeed, the welfare of the economy of half the States of the Union, be dependent upon the ability of John Foster Dulles to withstand pressure.

Go tell the coal miners of Kentucky they have nothing to worry about, for the great John Foster Dulles will stand like Horatius at the bridge and defend them. Of course, it would be the first time that he ever did, but tell them to let him do it now.

Mr. President, I believe in reciprocal trade. I believe in it as a two-way street. I believe in it as carrying out the function and responsibility of the Congress of the United States.

The President and Mr. Dulles have said this trade program is now an instrumentality of peace; and I think it should be used as such by the Congress. But I wish to state that in the hands of the present administrators, this program is an instrumentality of profits. Let Senators examine the profit-and-loss statements of the five importing oil companies. Together, last year they made approximately \$1 billion, after taxes; and 75 percent of that profit was made upon oil imported into the United States, at the expense of the domestic market.

We are told, "You have to create purchasing power for Venezuela."

Mr. President, we do not seek to impair Venezuela's opportunity to import. We simply do not wish to permit her to take up all the increase and to continue to push out of business the domestic companies which are supplying the present market for our coal and for our oil products.

With reference to purchasing power, I wish to say that every dollar's worth we add to the purchasing power of Venezuela, we take from Kentucky or Virginia or West Virginia or Oklahoma or Texas or North Dakota or some of the other States which produce oil or coal. We do not create new purchasing power when we transfer it from a domestic producer to a foreign producer. We simply transfer it 100 percent, and hope we shall get back a considerable percentage.

Mr. President, that provision of the bill is inadequate, both from the standpoint of the health of our domestic economy and from the standpoint of our national security.

I wish to ask Senators where this country would be in case of a war, if we had pinched back both the domestic coal industry and the domestic oil industry in order to build a great oil industry in the Middle East or in Venezuela, if we then found that we could not reach either of those areas. In that case, the rationing of gasoline which occurred in the United States during World War II would not be a circumstance to what

would be the result if we should continue the policy of letting foreign imports, produced at 25 cents a barrel, displace and push back a great portion of our own reserves, and cause them to be lost forever—with the result that an abundant supply of new reserves would not be developed in the United States.

Mr. President, from the standpoint of having the Congress meet its responsibility, from the standpoint of the basic concept of reciprocal trade, the Neely amendment should be adopted. It would not prohibit importations. Under the Neely amendment, there would still be imported into the United States between \$2 million and \$2,500,000 worth of foreign crude oil and residual oil a day, but it would be held on a basis which would permit our own economy—both in the case of the oil-producing States and in the case of the coal-producing States—to continue to improve and expand.

It would permit the continuation of the reciprocal trade program on a basis of equality; and it would do that—and in my judgment, Mr. President, nothing else would do it—in such a way that the domestic industries of those great producers would be built up to a point where they not only would have a profitable contribution to make to our economy in time of peace, but would make our country impregnable, from the standpoint of having an abundant supply of these irreplaceable and natural and necessary fuels, in case of war.

Mr. President, the Neely amendment should be adopted.

Mr. NEELY. Mr. President, how much time remains to me?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The Senator from West Virginia has approximately 5½ minutes remaining.

Mr. NEELY. Mr. President, I allot that time to the junior Senator from Oklahoma [Mr. MONRONEY].

The PRESIDING OFFICER. The junior Senator from Oklahoma [Mr. MONRONEY] is recognized for 5½ minutes.

Mr. MONRONEY. Mr. President, I think it is important, as we consider this bill, as we must, as it periodically comes up for renewal to consider the domestic economy and how it is affected through our past experience under the Trade Agreements Act. We must examine its effect on all sections of the country.

Yesterday, I had word from my own State that our oil production for May is being cut back by 20 percent. That will mean a vast amount of unemployment and loss of income. It is significant that every State which produces oil—and some 25 of the States of the United States do produce oil—is under prorationing.

According to the State conservation laws, the State regulatory bodies tell the oil producers how much oil they can produce. Many of the domestic pipelines and refineries are owned by the major oil companies, to whom independents sell their oil. These major companies are also the large importers. Four major oil companies have in their reserves in the Middle East—some 36

billion barrels—more oil than remains in the known reserves in the United States. The major companies must undergo the same prorationing that the small independent producer does at home. But on their imports they are not under any prorationing on importations into the United States from their vast reserves abroad.

My distinguished senior colleague has told the Senate of the greatly decreased cost at which oil can be produced from the 100- or 200-foot sands in the Middle East, where there will be one well to every several miles, whereas our own producers, particularly the independents, must drill wells usually on every 40 acres, under the so-called offset rule.

My colleagues also know that the companies operating in the Middle East have to pay only one tax, and that tax goes to the chief of state of the Middle East, whereas every one of our domestic independent producers has to pay, on its production of oil, taxes to the Federal Government and to the State governments and to the county governments and to the municipal governments.

Mr. President, if we are to have a severe proration at home—and we are, by State law—then it seems to me we cannot permit a vague, indefinite and ever-increasing amount to be imported into the United States, without any limitations whatsoever.

As the pending bill now stands, if the Neely amendment is not adopted, we shall not be troubled by 13.4 percent imports, which today are causing trouble in the coalfields and the oilfields. Instead, Mr. President, if 13.4 percent imports were all right before, then, under the new law, there would be nothing to prevent the figure from reaching 20 percent or 30 percent or 50 percent. Certainly I believe Congress should consider some point at which we should say that any further importations of this vital natural resource will destroy the healthy domestic petroleum industry that we must have for our national defense.

In reaching for a solution, the committee—and I wish to compliment the committee on what it has done—has attempted provided that our domestic industries should be allowed to ask for the imposition of quotas when imports endanger our security. Thus, under the committee amendment the President would have the right to impose quotas, if he found that the imports were damaging the security of the Nation.

On the other hand, under the former law he could not do that; he could only impose tariffs or raise tariffs to relieve hardships.

We do not want a tariff on oil; we simply wish to share the market. We feel that the ratio of 90 percent domestic oil to 10 percent foreign oil is about the historic ratio upon which our foreign-trade program has been built up; and certainly this figure would not damage foreign trade. But the committee proposal merely gives the right to the President to apply quotas. No one can be sure that this authority would ever be used.

The 90 percent–10 percent ratio should be adopted by law.

The domestic producers are not really competing with foreign industry or foreign capital. Instead, Mr. President, our domestic producers are competing with ourselves. All the importing companies are financed with money made out of the production of oil in the United States. The American know-how and the great American success story have been applied to the production of oil from the foreign sands. The great major domestic companies which are importing oil are, in the case of the foreign fields, producing from sands which nature has endowed with great quantities of oil—sands which are many time more productive than our domestic oil-producing fields.

Since the committee has recognized the vast importance of a sound economy here at home, in the case of oil production and lead and zinc and other strategic materials, and since the President's fuels committee has recommended that any increase above the present importations would be highly dangerous, it seems to me we should not stop where the President's committee has stopped. We should not say that the President may do this if he wishes.

I believe that it is the duty of the Congress—which must always consider our defense activities and our security and our economy—to fix a definite ratio in this bill on the basis of sharing this market. Certainly that would not work a hardship on the importers, who then would have a right to import 10 percent of our domestic demand.

By that arrangement we would give our great domestic oil industry a chance to plan for a sound future and to make its investments and to have a certainty that the imports would not be increased each year, and further to jeopardize the great, healthy domestic production industry we have had in the past.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. LANGER. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the minority leader yield time for the purpose of a quorum call?

Mr. SALTONSTALL. Mr. President, will the Senator from North Dakota withhold his suggestion for a moment?

Mr. LANGER. Certainly.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. As I understand, there is a unanimous-consent agreement that a quorum call will not be in order except preceding a vote.

The PRESIDING OFFICER. Unless time is yielded for a quorum call, it cannot be had.

Mr. JOHNSON of Texas. I suggest that the able Senator from Massachusetts yield whatever time he wishes to yield. The Senator from North Dakota is protected. When the time is exhausted, the Senator can suggest the absence of a quorum prior to the vote.

Mr. SALTONSTALL. I yield 10 minutes to the junior Senator from Kentucky [Mr. BARKLEY].

Mr. BARKLEY. Mr. President, I thank the Senator from Massachusetts for yielding me time on this amendment.

I find myself somewhat embarrassed personally by the situation which calls forth this amendment. I desire to be as frank with the Senate as I try to be with my constituents, and I shall do so in the brief remarks I shall make on the amendment.

I do not suppose that anyone would deny that coal is an indispensable commodity in connection with our defense in time of war. During World War I, when German submarines infested the Atlantic Ocean and the Gulf of Mexico, it became almost impossible to ship oil from the oilfields of the Southwest around through the gulf and up the Atlantic to the refineries on the eastern coast, and coal became an indispensable commodity in powering factories to turn out our munitions and implements of war. That situation gave rise to a rather artificial expansion of the production of coal throughout the country. That was true in Kentucky. When the war was over and we entered into the economic abyss between the end of World War I and the beginning of World War II, Congress enacted a coal law known as the Guffey Coal Act, which stimulated the production of coal and gave employment to coal miners.

Then World War II came along, again we found our shipping on the Atlantic coast, in the Atlantic Ocean, and in the gulf, endangered, and again coal became an indispensable commodity for the protection of our institutions and the prosecution of the war.

The war ended, and, because of the necessities of the situation, again there was enlargement and an expansion of the production of coal in the United States.

I suppose it is possible to conceive that that might happen again. Considering the identity of our enemies in the world, no one can foresee when and under what circumstances we might again be required to fall back upon the production of coal as an absolutely indispensable commodity in the protection of our institutions, in the powering of our factories, and in the production of munitions and implements of war. We all hope and pray that there will never be another war, and that we may never be compelled again to resort to arms to protect our institutions and defend our country and what it represents. But we have no assurance of that, and every day we are in imminent danger of such a war.

Under those circumstances, I suppose that the Defense Mobilizer would have no hesitation in certifying to the President that coal is an indispensable commodity in connection with our defense in time of war. Whether he would, I do not know. I do not know whether he would say that, while coal is an indispensable commodity, it is only in part an indispensable commodity, and that the deficiency in it may be supplied from other quarters.

I do not know, and I would not predict, that the Neely amendment would be the solution to all the problems and troubles

of the coal industry, or that it would substantially affect the situation in the coal fields.

Last year I spoke all over eastern Kentucky, in the coal-mining region. I spoke in one county-seat town where 2,500 people were gathered. As I walked through the courthouse door the county judge who had control of the distribution of surplus food commodities told me that at that moment there were 300 heads of households standing in line to receive a pittance of support from surplus food commodities.

Every one of those 300 men, and other hundreds who, day by day, and week by week, did the same thing, had the profound conviction that their unemployment was due to the importation of residual oil into this country. They may be mistaken about that. If all the importation of oil were shut off tomorrow, I could not guarantee that coal mines in West Virginia, Kentucky, or Pennsylvania would be opened; but those people feel that that situation is responsible for their unemployment.

I rode from Middlesboro, Ky., in an automobile to Harlan, which is one of the centers of the coal industry of eastern Kentucky. The United States Steel Corp. owns the entire town of Lynch, a community of 9,000 people. Every house in it, every schoolhouse, and every mine is operated by the United States Steel Corp. They are known as captive mines. The steel corporation mines its own coal and ships it to its steel plants. Aside from that one institution operated by the United States Steel Corp., there was hardly a mine in operation in the entire county.

I drove for 25 or 30 miles, from Middlesboro to Harlan. Every sidetrack on the railroad was crowded with empty coal cars which had been standing 6 months or a year without a lump of coal in them.

I have been through that community and I have seen the distress. The people living there are honest American people. They do not want to be on a dole. I suppose that in the mountains of eastern Kentucky, West Virginia, and Virginia will be found the purest Anglo-Saxon blood to be found anywhere in the United States, because they have lived there from generation to generation.

They are honest, law-abiding, taxpaying, God-fearing people, and it injures their pride to be required to depend on charity. They do not wish to be required to do so; yet when a man leaves his front porch in the morning with 4 or 5 children tugging at his coattails and asking him to bring bread home at nightfall, we are bound to know and feel that, to that person, the situation is tragic. I have great sympathy for those people.

Last Labor Day I spoke at Pikeville, referred to by the Senator from West Virginia [Mr. NEELY]. Fifteen or twenty thousand people were gathered there. I discussed the coal situation and the fuel situation generally. I declared myself in favor of a program being organized and instituted by the Government of the United States, dealing with all fuels—a fuel policy and a fuel program,

to protect oil, gas, and coal products, so that in no war hereafter would we be required to be relegated to one particular fuel product in order that we might defend our country and our institutions.

I did not say at that time that I would vote for the Neely amendment. At that time no Neely amendment had been proposed. I would infinitely prefer that the proposition would come up on some other bill besides the one to which it has been offered. I would have preferred, and I prefer now, that the extension of the Reciprocal Trade Act be simple and uncomplicated by commodity amendments.

In the committee I offered an amendment on fluorspar. While it is a small industry, 62½ percent of the domestic consumption is being brought in from abroad. The mines in our country are being closed.

When the motion was made in committee to eliminate commodity amendments entirely from the bill and to consolidate them all in a different kind of amendment, I voted against the motion, because I felt that each one of the commodities ought to stand on its own merits. When, however, the motion carried, and it became a question of adopting the amendment that was in the bill or having nothing at all, I voted for the amendment.

I am not very happy about the situation, I may say frankly.

In the past 5 or 6 years the production of coal in the United States has decreased by about 200 million tons per year. All the oil we have imported amounts to about 245 million barrels per year. About 131 million barrels represent residual oil.

I am not sure whether the statement I am about to make is accurate, but I have made inquiry and have been told that 4½ barrels of oil are equal to 1 ton of coal in fuel product.

The PRESIDING OFFICER (Mr. FULBRIGHT in the chair). The Senator's time has expired.

Mr. BARKLEY. Mr. President, will the Senator from California yield me an additional 5 minutes?

Mr. KNOWLAND. I yield 5 more minutes to the Senator from Kentucky.

Mr. BARKLEY. If the statement which has been made to me be true, of the 200 million tons of coal production that we have lost in this country, 30 million tons can be traced to the substitution of oil for coal.

If we were to stop all imports of oil tomorrow, I do not know how many consumers who now use oil would revert to coal. But it is a rather strange anomaly that one of the consumers who has completely reverted from coal to oil came before the committee and advocated the adoption of the Neely amendment. I refer to the Chesapeake & Ohio Railroad. Every engine of that railroad, which operates in the coal regions, is dieselized and uses oil instead of coal. I do not know whether the C. & O. Railroad would go back to the use of coal. I do not know whether any of the consumers who now use oil instead of coal would go back to coal.

I have no way of prophesying what would happen. However, at least the men and women in West Virginia and in Kentucky who are hungry believe that they are out of their jobs because of the use of oil.

I hold out no false hope to them. I do not know whether the Neely amendment will mean the opening of a single mine of even so much as a week's work for all the miners in the United States. I do not know. I make no prediction.

I wrote to a very dear friend of mine in the coal business that I was going to vote for the Neely amendment, but that I was under no delusion myself as to how much it might help in the coalfields.

Mr. President, in view of my statement and in view of the distress that I know exists, I feel myself morally obligated to vote for the amendment offered by the Senator from West Virginia, and I intend to vote for it.

However, I would not be frank with my friends in the Senate or with my friends in Kentucky if I did not express some doubt whether it is a complete solution of the problem of the coal industry or of the coal miners.

So, with some misgivings, and with the greatest respect for my friend the Senator from West Virginia [Mr. NEELY], the author of the amendment, and for my good friend the Senator from Oklahoma [Mr. KERR], and for all other Senators, who will not one way or another on the bill, I feel myself personally obligated as between my head and my heart—if there is such a division—to vote with my heart today, even though in some respects my head may doubt the conclusion of my heart.

I hope if the amendment is adopted, or, if it is not adopted, that those in authority will find some way under the act to bring relief to those who suffer from the economic disaster and debacle which has afflicted a great portion of my State and other States that produce coal.

I thank the Senator from California [Mr. KNOWLAND] and the Senator from Massachusetts [Mr. SALTONSTALL] for yielding time to me so that I might express my frank opinion on the amendment and the reason why I believe I should vote for it.

Mr. KNOWLAND. Mr. President, I yield 2 minutes to the Senator from New Hampshire [Mr. COTTON].

Mr. COTTON. Mr. President, as a Senator from New England, I prepared a brief statement in opposition to the amendment, and I had planned to make it at this time. In view of the hour, I suspect that I might do more damage than good to my case if I took the time of the Senate to make my remarks. Therefore I ask unanimous consent that my remarks be printed in the RECORD as a statement.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR COTTON

The adoption of the proposed Neely amendment would have a crippling effect upon the entire trade agreements program. The purpose of the Trade Agreements Act, as stated therein, is to expand foreign mar-

kets for the products of the United States. To this end the President is given authority to enter into trade agreements with foreign governments or instrumentalities thereof granting concessions to certain imported commodities, such as modification of existing duties and other import restrictions or the imposition of additional import restrictions, for the purpose of making foreign markets available to American industry by affording corresponding market opportunities for foreign products in the United States. The act itself provides reasonable limitation of the authority granted and provides a method whereby any industry which is found to be injured by any concession granted by a trade agreement can obtain relief. The Neely amendment, on the other hand, imposes further barriers against the importation of crude petroleum and petroleum products. This would be telling the free world that this country does not really believe in the lowering of trade barriers and would go far toward defeating the inherent purposes of the trade-agreements program.

The proposed amendments to the Trade Agreements Act are repugnant to other provisions of the act, particularly those dealing with the escape clause. If the independent oil producers or the coal industry is being injured by the importation of petroleum and petroleum products, and they are not, there is no reason they should not seek relief under the escape-clause provisions of the act. It is noteworthy that neither has sought this avenue of relief as yet. It is reasonable to assume that they cannot make out a case on its merits and therefore have resorted to political pressure to gain their desired end. It would appear to be more consistent that the escape clause provisions either be eliminated and the Congress reserve unto itself the right to grant relief from excessive imports or, on the other hand, these industries should be requested to seek relief under the escape-clause provisions. There is no greater reason for the Congress specifically to restrict oil imports than to grant similar specific relief to dozens of other industries who are claiming doom and destruction unless something is done to restrict competing imported commodities.

Under the authority of the Trade Agreements Act, the United States has granted concessions on crude oil and residual oil in two international agreements, the trade agreement with Venezuela and the multilateral agreement commonly referred to as the GATT agreement. Both of these contracts, or trade agreements, contain escape-clause provisions similar to those contained in the Trade Agreements Act and, in addition thereto, contain certain procedural requirements which must be met before the rights of escape can be invoked. To impose the quota provisions of the proposed amendment would be in violation of the sacred obligations of these two international contracts.

It would seem to be axiomatic that before the Congress would undertake any general trade bill to legislate the quantities of an individual commodity which can be imported into this country, there would have to be an extremely strong case for such action, and certainly one which would be convincing to a responsible group of Cabinet members such as constituted the recent Cabinet Advisory Committee on Industry. This committee, in its recent report, specifically stated that it did not believe there should be any quotas on the importation of oil by legislative action at this time.

So far as the domestic oil-producing industry is concerned, there is nothing in the record which would indicate such injury from imports as to warrant the drastic interference with freedom of trade and competition which is proposed in this amendment.

In January of this year Mr. William M. Vaughey, president of the Independent Petroleum Association of America, stated that "our domestic industry has survived and prospered and remained strong and virile * * *," and no one cognizant of the facts is in a position to dispute this statement. In 1954, more oil wells were drilled than ever before and more money was expended in the search for oil than ever before. Oil production in this country is currently at a higher level than at any time in our history. With the exception of a few brief months after World War I, the price of crude oil is higher than it has ever been.

Every pertinent index shows that the domestic oil-producing industry is operating at or near its all-time peak and that it is prosperous. The industry itself reports that its immediate prospects are good. In addition, the long-range United States demand trend for oil is strongly upward and the relatively small production cutback in 1954 appears to have been temporary, just as was the more severe cutback of 1949. The slight decrease in production in 1954 from 1953 was not caused by increased imports, but through the liquidation of excessive stocks.

On the financial side, a recent survey by the McGraw-Hill Publishing Co. of overall industry capital spending plans for 1955 provides for an outstanding example of the domestic oil industry's vigor. While United States industry as a whole expects a small reduction, the oil industry is one of the very few which expects to increase its capital outlays. In the postwar period, capital investments by the oil industry in the United States have totaled some \$30 billion, an average rate of \$3.3 billion. Plans for 1955 include estimated capital expenditures of \$4.9 billion. This is an indication of vigor—not ill health—in an industry.

Is this the kind of hardship which would warrant an embargo being erected against those who would like to utilize oil from other areas of the world in a way which would unquestionably benefit world trade and the domestic consumer?

It must be borne in mind that over the years oil consumption in this country has increased more rapidly than have our proven oil reserves, and that oil is becoming steadily more difficult and expensive to find in the United States and, therefore, if we are, at reasonable prices, to meet the future expected demand for enormous quantities of oil in the United States, we must look forward to a gradual increase in supplies from other parts of the world where oil is more plentiful relative to demand. It is significant that, while the United States accounts for 60 percent of the free world's oil consumption, it has only 21 percent of its discovered reserves, and undoubtedly far less than that of the undiscovered reserves.

That the coal industry has difficulties there can be no doubt but its plight is not due to oil imports.

That coal is a vital natural resource that adds to the industrial strength of this Nation is an obvious fact, but the touchstone of our economy, our national system, is competition and the real competitor of the coal industry is not foreign oil but a healthy, dynamic, research-minded domestic oil and natural-gas industry.

For example, in the period 1946 to 1952, total uses of fuel energy in the United States (exclusive of gasoline) increased by about 16 percent. If coal had been our only source of energy, this would have represented an increase of 163 million tons. Yet during that period consumption of bituminous coal decreased by 82 million tons. The use of natural gas increased by the equivalent of 159 million tons of coal, diesel fuel the equivalent of 12 million tons (much of it to the railroads), and other fuels (home-heating oil, hydroelectric power, etc.) the equivalent of 60 million tons.

The use of heavy fuel oil increased the equivalent of 14 million tons of coal during this period—an increase which was substantially the same proportion as the increase in the Nation's total energy use.

Another area in which coal has lost market in recent years is in the export field. Notwithstanding these losses, coal exports during the 8-year period 1946–53 have amounted to 392 million tons. Bearing in mind the recognized reciprocal aspect of foreign trade, coal producers can hardly expect to retain this export market while urging that heavy fuel-oil imports be shut out. Actually, the export-import balance during this period was much in favor of coal, since heavy fuel-oil imports of 177 million tons on a heat equivalent basis are less than one-half of the coal exports. For the year 1953 alone, total coal exports amounted to 37 million tons which on a heat equivalent basis was 4 million tons greater than the total volume of heavy fuel-oil imports.

Diesel locomotives deliver from 5 to 10 times more useful power per heat unit than steam locomotives. It follows that on a heat content basis, use of a given quantity of diesel fuel displaces a far larger quantity of coal or heavy fuel oil. The decline in use of coal by railroads between 1946 and 1953 amounted to 83 percent of the total decline in the United States use of coal during this period.

The coal industry has indicated that imports are largely responsible for current unemployment. A review of the record will not support this claim. Between 1946 and 1953 bituminous coal production was reduced by 77 million tons principally because of the almost complete dieselization of American railroads and the large increase in natural gas consumption in the United States. This loss in volume alone is estimated to have reduced coal mining working forces by 57,400 men (1946 productivity rate). In addition, technological improvements within the bituminous coal industry, typical of American industry, have increased the individual production of these miners. Output per man-hour has increased by 30 percent between 1946 and 1953. If we assumed that this improvement had not been achieved and that the output per man was the same in 1953 as in 1946, 45,900 additional miners would be employed. Thus the loss in volume mainly to domestic natural gas and light, domestic distillate oil, and the increase in coal industry efficiency was directly responsible for reducing the coal working force by about 103,000 men. This loss can in no sense be attributed to heavy fuel oil imports, which if completely eliminated, would increase coal consumption by a maximum of 11.6 million tons annually, equivalent to an additional 45 minutes of work per week for the average number of miners employed in 1953. The relatively small advantage to coal resulting from the elimination of imports must be weighed against the alternate harmful effects on many thousands of heavy fuel consumers and the friendly countries set up to furnish heavy fuel oil supplies.

If all imports of residual fuel oil were eliminated, the benefit to the coal industry would be relatively negligible. A survey made by one larger marketer on the east coast indicates that the maximum convertibility from such oil to coal would not exceed 10 to 12 million tons per year. On the other hand, any serious reduction in the importation of residual fuel oil would create a shortage of fuel in the New England States, including my own State of New Hampshire, bordering on a crisis.

The simple truth is the coal industry has been swept up by a tornado of technological advances that have kept coal output from following the rising surge of total fuel uses. Since the First World War, for example, the navies of the world have turned entirely to oil fuel. Merchant fleets have followed this

trend. Heavy oil has so many advantages for marine transportation that it is inconceivable the United States Navy or owners of merchant fleets would go back to coal-burning ships.

While top engineers and salesmen in the coal industry were meeting in Pittsburgh, on April 15, 1955, the Pittsburgh Post-Gazette in an editorial said:

"Coal is the Nation's sickest big industry. Demand has nose-dived since the end of World War II. Production last year was down 40 percent from 1947. Gas and oil have taken over much of coal's household market. Diesel has replaced coal on most of the Nation's major railroads. Oil is muscling in on a big preserve of coal's, the electric power industry.

"Coal men, in management and labor, have reacted to all this in an expected way. They want Uncle Sam to stifle their competition. They've been demanding that a strict quota be put on imports of residual oil. They want to check imports of natural gas from Canada and Mexico. They want favored treatment for coal in the placing of Government orders. And the like.

"But the cure for a languishing industry is not to impose handicaps on the industry's competition. Our economy just doesn't work that way. A strict quota on imports of residual oil, for example, would play hob with thousands of householders and industries that have converted to this fuel. It would also play hob with manufacturers and workers who do a huge business with oil-exporting countries. In 1953, for example, America sold over half a billion dollars worth of products to Venezuela, which Venezuela in turn paid for almost entirely out of her oil exports."

There are words of wisdom in this editorial coming from one of our greatest industrial and coal-mining regions.

In the face of what is called ruinous oil imports the indications are that the industry is on the upgrade. The recent increases in coal demand have been reflected in increased optimism among the coal operators. This is shown by the following account from the Wall Street Journal of November 19, 1954, of the 37th annual convention of the National Coal Association held in Pittsburgh:

"With scattered exceptions, they were the cheeriest bunch of representatives of a sick industry that you'd ever want to see. Business in bituminous has started a comeback and there was scarcely an operator at the convention who hadn't noticed it. Many felt that the turn has finally come.

"I think we have turned the point," said R. E. Salvati, president of Island Creek Coal Co.

"There's a new optimism," said M. L. Patton (vice president of Truax-Traer Coal Co. 'And it's splendid psychology to know that we're lifting ourselves by our own bootstraps.'

"Coal-company analysts pretty much agree that a new growth trend will take hold about 1957 or 1958 and that if the industry can hold fairly steady or increase slightly until then, it will be out of the woods.

"Coal's great shakeout, severe as it has been on individual miners and operators, is bringing some blessings to the survivors. Most of the producers that have been knocked out in the past few years have been marginal operators who get in the business in times of boom.

"But the biggest immediate lift to coal operators is the rising level of general business. Coal burned by electric utilities, now the coal industry's biggest customer, is rising steadily. Steelmaking has risen spectacularly since Labor Day. Coal exports through normal commercial channels have taken a turn for the better.

"Some well-equipped mines in the southern fields are operating 5 to 6 days weekly, and at that, according to Appalachian Coals,

Inc., 'are having difficulty in taking care of current demands.'

"Production at Imperial Coal Corp. (central Pennsylvania) is up 'better than 20 percent' over the year's low in April, said Charles A. Owen, chairman of the board. He said 'we're much happier.'

"Hooper Love said there has been a 'general improvement' in business. West Kentucky's production in October was 6 to 7 percent above September, and the improvement is continuing in November.

"J. D. A. Morrow, president of Joy Manufacturing Co., leading maker of mining machinery, said he has found evidence of a turn upward in coal in the significant increase in orders for machinery, particularly high production models that achieve greatest cost savings.

"J. S. Routh, president of Routh Coal Export Corp., thinks 'generally the corner has been turned.'

Another group that has appeared to be active in support of the Neely amendment is the railroads engaged in transporting coal from the mines to markets. The railroad industry argues that the importation of foreign oil (particularly heavy residuals that are used as fuel in industrial plants and the like) has reduced the sale of bituminous coal to the point where the railroads are in serious straits through loss of freight revenues. The coal industry is, of course, one of the railroads' biggest customers. The record, however, indicates that the railroad industry, which was once the biggest single customer of the coal industry, is now not much of a customer at all.

In testifying before the Senate Finance Committee, Walter J. Tuohy, president of the Chesapeake & Ohio Railway Co., said in reply to a question, "You weren't and aren't as sorry as I was to swing over (from coal to diesel fuel). But it was economically impossible to operate the railroad any other way." He went on to say, "I am speaking for the railroads generally, and I have studied as a general thing the traffic trends of those other railroads, and when I present the stand I have, I am reasonably sure that I am presenting almost a hundred percent, if not a hundred percent, the position of the railroad industry."

The facts would seem to back him up. The preference of railroads for diesel power is indicated by the fact that in 1951, when the Nation's locomotive builders had orders for 4,074 locomotives, 4,038 of that number were diesel, 14 electric, and only 22 steam. The great shift by railroads to diesels represents one of the main losses of market outlet for the coal industry since. The effect of the increased use of railroad diesel fuel in 1952 as compared with 1946 was actually to reduce railroad needs for coal and heavy fuel oil by around 90 million tons. Obviously, this trend is going to continue at an accelerated pace as more diesel locomotives are delivered.

What I have said demonstrates that oil imports have not materially injured the domestic oil industry, the coal industry, or our railroads. This same conclusion has been reached by other responsible, unbiased investigators.

The Cabinet Fuels Policy Committee, after making a study into the Nation's energy supplies and resources policy, recommended no legislative restrictions on imports of either crude oil or heavy fuel oil but recommended that imports of these commodities be kept at or below the respective proportions they bore to domestic production in 1954 by voluntary, individual action of the importers.

The House Ways and Means Committee, after extensive hearings, recommended the passage of H. R. 1 without crippling amendments imposing quotas on specific commodities, including oil, though it was vigorously importuned to recommend the imposition of such quotas.

Let us now take a look at the other side of the picture. What effect would the imposition of quotas on oil have on the domestic economy and on the trade agreements program? In the first place, the independent oil merchants who supply the greater portion of the fuel-oil market would lose a considerable portion of their market to other fuels, not through competition, as in the American tradition, but through congressional fiat. Consumers would be required to convert from heavy oil to other fuels and many of them would be physically unable to make the conversion. Because of the small quantities of heavy fuel oil produced by refineries in the United States, the demand for this fuel can only be supplied by supplementing the domestic supply with imports. The impact would be particularly felt in my section of the country. In testifying before the House Ways and Means Committee on February 8, 1955, Mr. John P. Birmingham, president of White Fuel Corp., of South Boston, Mass., said:

"In 1953, New England consumed 65 million barrels of heavy fuel oil. Approximately 65 percent of this oil was imported directly from the Caribbean area. If the bituminous-coal interests could have their way, the probable application of the 10-percent formula would be to force about two-thirds of the heavy fuel oil consumers to convert to coal while the remaining one-third would be permitted to use oil.

"Thousands of present heavy-oil consumers, particularly small factories, hospitals, apartment houses, schools, housing projects, et cetera, would be physically unable to convert to coal. For instance, the housing project in the city of Boston alone, housing some 20,000 veterans and their families, would be unable to convert to coal without investing staggering sums of money. For that matter, fewer than 2 percent of our customers at the present time have dual fuel facilities.

"I have a tabulation of my fuel corporation's business here, and we find that 87 percent of all our customers use heavy fuel oil for space heating entirely. Five percent use it for space heating primarily, and 7 percent use heavy oil for processing purposes primarily.

"Of 837 buildings and plants, only 14 have alternate facilities to burn other fuels, and only 9 of these 14 have a hundred percent capacity on the alternate fuel.

"We feel that everybody involved would suffer, except the coal marketers, who today are demanding governmental assistance to lower coal import tariffs abroad and restrictions for importation of competitive fuels at home and at the same time have themselves become one of the largest factors in the marketing of imported heavy fuel oil in this New England area. They enjoy a unique position. They have an important share of the heavy fuel-oil market in New England, using imported fuel oils almost exclusively. They also sell coal and, meanwhile, they are working diligently to reduce the consumer's choice of fuels to one, namely, bituminous coal.

"In other words, they can't lose, only the consumer would lose. If restrictions on oil are imposed, they win big profits on coal; if imposition of restrictions fail, they still have their heavy fuel-oil business, which they have built through imports.

"In February 1948, when a mild shortage of heavy fuel oil developed, the posted price of heavy fuel oil rose \$1.33 per barrel over the posted price during the same period in 1947. While there was no apparent bituminous coal shortage during this same period, it is interesting to note that the posted price of bituminous coal on cars at Boston advanced by \$3 a ton.

"It would not be too difficult to imagine what would happen to both coal and oil prices if Government were to force a 40-million-barrel shortage of heavy oil on New

England to placate the coal producers and marketers. But even using the price reaction of 1948, namely, an advance of \$1 on oil and \$3 a ton on bituminous coal, New England's fuel bill would be increased by the staggering sum of \$85 million per year."

Oil imports constitute a main route by which dollars enter international trade. In the year 1952, for example, American companies spent \$691 million for purchases of oil from other countries, not counting the direct dollar investment of these companies abroad.

Dollars spent abroad to buy oil, like all other dollars spent abroad, eventually come back to our country. Some of them come as investments and bank deposits, but most are spent here for United States goods and services.

This reciprocal character of international trade is illustrated by the record of Venezuela's sales and purchases. Venezuela is the largest seller of oil to the United States. In 1952 Venezuelan exports of oil to this country had a value of \$334 million. At the same time, Venezuelan purchases from our country amounted to \$500 million. Included in these purchases were industrial machinery, automobiles, iron and steel-mill products, dairy products, raw and manufactured cotton, and grains. The Venezuelan Chamber of Commerce of the United States said in 1951, "The demands for United States goods have been so varied that during the last 2 years every State in the Union has exported some kind of product to Venezuela."

Legislative quotas limiting oil imports into the United States would have immediate and sharp effects on Venezuela's economy. Further, such legislation would directly violate the trade treaty between that nation and our own.

Erecting bars to oil imports would have repercussions worldwide. It would invite retaliatory trade bars on the part of other nations. It would throw grave doubt on the sincerity of America's desire to strengthen the free world against communism. It would represent a backward step in all this country's efforts to date toward healthier world trade.

I cannot close my remarks without calling your attention to a most enlightening document released by the State Department recently which points out 10 important reasons why legislative restrictions on oil imports are not necessary and should not be adopted at this time. The 10 reasons are:

"1. The policy of our Government and a basic principle of our society is in general to permit freedom of enterprise and competition to iron out difficulties and provide protection to the various elements in our economic society, including both producers and consumers. There is little or no evidence that either the domestic crude-oil industry or the coal industry have suffered from imports of crude oil and residual oil as to justify departure from these principles. * * *

"2. Voluntary individuals action by the oil-importing companies should be given a thorough trial. For the first time (by the Cabinet Committee report) a clear-cut goal has been set. Because of the quick availability of official monthly crude-oil production and oil import data, everyone interested in the oil-import problem can easily ascertain the facts. There is no reason to doubt the effectiveness of public pressure on the importing companies, under the circumstances, to hold imports of both crude oil and residual fuel oil in proper balance. * * *

"3. Legislation of the type proposed as an amendment to H. R. 1 by Senator NEELY would involve the setting of fixed import quotas. Such a specific formula would not be consistent with the basic fact that we are dealing with a dynamic situation that requires constant reappraisal. A fixed for-

mula would be very difficult to change even if the industrial expansion of the country and the changing economic and national defense requirements made necessary a modification of the 1954 balance. The present healthy condition of the domestic crude-oil industry shows clearly that the increased imports of petroleum over the last few years have not been harmful. The problems of the coal industry have been caused almost entirely by factors wholly unrelated to our oil imports. Moreover, in 1954 the oil-importing companies recognized the problem of maintaining a proper balance between total supply and total demand. They did not significantly increase their oil imports in 1954 in comparison with 1953.

"4. In determining what is the proper balance between oil imports and domestic crude oil production it is necessary to look at the status of the oil industry in countries whose oil will be required by the United States and the other free-world countries in the event of national emergency. This requires a frequent review of the trends of oil exploration and oilfield development, the trends of production and of proven reserves. United States oil imports are a vital factor in determining the availability of foreign oil for purposes of national security. Our policy of permitting private enterprise free play in handling foreign oil developments and of permitting the private business decisions of individuals to work out the balance between imports and domestic production has assured the United States and our allies of adequate supplies of oil under conditions of both peace and war. The enactment of restrictive oil import legislation might play havoc with this aspect of our national security preparations.

The support of our allies whose oil we import is sorely needed in the cold war. Our security plans are not realistic unless we count on foreign oil.

"5. To place restrictions on oil imports might require further legislation and administrative action of a type not normally justified except in war emergency and not at all required under our voluntary import system. Restrictions on crude oil imports would involve questions of allocating import permits and squeezing back imports from some countries in order to make room for imports from others. A case in point is Canada, where a costly pipeline has recently been built across the mountains to supply much needed oil to our Pacific Northwest. Under our voluntary import system this oil can readily be fitted into our total oil picture, without embarrassment to us and without hard feelings and reprisals against us by other countries; whereas if legislative restrictions were imposed on oil imports, the United States Government would have to invoke a country quota system and bear the onus for having imposed it.

"6. Legislative restrictions on residual fuel oil imports such as those proposed by the coal industry might well result in such shortages and increased prices that end use controls, allocations, and price controls might have to be provided, particularly in the States along the Middle Atlantic and North Atlantic seaboard, in order that consumers might be reasonably protected.

"7. Legislative restrictions on oil imports will harm the American producer of export goods and services. For every dollar of reduction in income from the sale of oil to the United States, we must calculate a dollar's reduction in our exports. This would hit our own producers, manufacturers, and basic industry with considerable force. This is incontestable in the cases of Canada and Venezuela, two of our best customers for products of farm and factory.

"8. Special note should be taken of the harmful effects of the proposed amendment on Puerto Rico. Puerto Rico is engaged in a vigorous effort to expand its domestic industry which will require increased con-

sumption of petroleum. The island now imports considerable quantities of residual fuel oil from the NWI and is building a refinery to be supplied with crude oil from Caribbean sources. The import restrictions of the proposed amendment could well do serious harm to these developments by increasing the cost and restricting access to petroleum supplies.

"9. It has been asserted that the coal industry needs help to enable it to meet potential defense requirements. A review of the facts indicates that the coal industry is now in a position to meet the needs of an emergency.

"10. American investments abroad are important to our domestic economy and our foreign relations. Nearly a third of these investments are in oil, and the proposed amendment might well jeopardize the security of these investments, thus hurting the Americans who have chosen to put their savings in these enterprises."

I am opposed to this amendment which I believe is unsound in principle. In frankness I must say I oppose it also because of its effect on New England.

The mills and small industrial plants of my State and other New England States are deeply dependent upon residual oil. I ask the Senate to consider our situation. Our section does not have the advantage of low-cost electrical power. We have no TVA's, no Grand Coulee Dams. We could not have them if we wished, or if the Federal Government were willing to build them for us, because 200 years ago towns and cities were settled all along New England's rivers so that today we could not have the full power potentialities of these rivers developed without flooding and obliterating our largest cities.

Our section does not have the advantage of easy access to the coal fields. It is natural perhaps, that our colleagues from Pennsylvania and West Virginia should desire to shut out the competition of foreign oil, but I ask you to remember that New England, which is the home of some of the oldest and finest small industries in the Nation, is a long way from the coal fields, and that the price of coal plus its transportation is nearly prohibitive. It will not add to the market of our friends from the coal-mining States to stop the wheels of industry in New England, nor will it enhance the welfare of the Nation as a whole to stifle industry in its outlying segments and cause further concentration in regions adjacent to the coal mines.

We of New England beseech you not to deliver this crushing blow at our small industries and business enterprises. We have asked little from Uncle Sam. We are willing to try to work out our own destiny, and accept cheerfully the prospect that the Federal Government is not going to do much for us. We are deeply concerned, however, at the prospect of what the Federal Government might do to us.

However, I base my argument on more than sectional reasons. Sound reasoning and unbiased conclusions from known facts demonstrate that the tremendous harm to our whole domestic economy and our export trade greatly outweighs the small amount, if any, good that would result to a few industries by the imposition of quotas on oil. I urge your support of H. R. 1 without this crippling amendment.

Mr. KNOWLAND. Mr. President, I yield 2 minutes to the Senator from Maine.

Mr. PAYNE. Mr. President, I thank the distinguished minority leader for yielding to me for the purpose of asking unanimous consent that a statement which I have prepared concerning the amendment, and setting forth my op-

position to it, may be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR PAYNE

The chairman and the members of the Senate Finance Committee deserve the highest commendation for their thoughtful and reasonable approach to the Nation's trade policy during the consideration of H. R. 1. While retaining those provisions of the bill which would serve to increase free world trade, the committee has recommended several amendments that will go a long way toward offering reasonable protection to those of our industries which are vulnerable to import competition. It is a bill which will forward the President's enlightened trade policy, and for that reason I believe it deserves the support of the Congress. It is an essential part of this Nation's economic and political leadership of the free world.

We now have before us an amendment to H. R. 1 introduced by the junior Senator from West Virginia [Mr. NEELY] which would set a specific quota on oil imports. Not only is the proposed amendment contrary to the interests of our national security, but it would, in addition, do great economic harm to millions of American consumers.

Proponents of this amendment contend that it will insure a healthy and vigorous domestic oil industry. They say, as well, that it will give a badly needed boost to the ailing coal industry. Both statements have little basis in fact.

The domestic oil industry has enjoyed a remarkable degree of prosperity since the end of World War II and is now operating near its alltime peak. Except for a few minor setbacks, production and prices have risen steadily since 1948, even in the face of increasing imports. United States demand for oil is still showing a steady upward trend. Furthermore, a study conducted by Oil Forum and published in its issue of July 1954 showed that from 1949 to 1954 crude-oil production by independent producers increased at a more rapid rate than that of the major oil companies. The 46 small independents showed by far the greatest gain in production. For the past 20 years the domestic oil industry has been increasing its output on the average of almost 5 percent a year. This adds up to a picture of a healthy and vigorous industry.

Protecting our national security by offering protection to our domestic oil industry is a worthy objective. However, this amendment would injure, not protect, the national security. The Oil and Gas Journal pointed this out in an article and editorial in its March 21, 1955, issue. The 10-percent-quota scheme, it said, is not in the best interests of the petroleum industry. It said that the joker in the Neely amendment is the 10-percent limitation on residual-oil imports within the overall 10-percent limitation on all oils. Residual fuel oil would stand three-fourths of the reduction and crude oil only one-fourth, or about 66,000 barrels daily. The heavy reduction in residual imports will naturally cause the price of residual to rise sharply. And, as the Journal points out, conditions in the domestic industry are such that domestic producers will not be tempted to switch production to residual oils, in spite of the domestic shortage and higher prices which would result. In effect, residual imports do not compete with domestically produced oils.

Everyone agrees that a vigorous coal industry is important to our economic stability and to our national security. But oil imports have been a very minor factor in causing the dislocation of the coal industry. The greatest cause has been the growth of

the natural-gas industry and the dieselization of the railroads.

Based on an index with 0 as the 1946 base, use of natural gas rose 171 points by 1953, diesel and distillate fuel oil 69 points, and heavy fuel only 21 points. It is clear that natural gas was the most important factor contributing to the 101-point drop in the use of coal during this same period.

Restrictions on residual oil imports would increase coal consumption only slightly. Most institutions or businesses now using oil have no facilities to use coal. Conversion is an expensive process which many would not be willing or able to undertake. In addition, some of those who would convert because of the higher price of residual fuel oil would certainly turn to natural gas or light heating oil. What, then, the coal industry supports is legislation which would do serious harm to hundreds of schools, hospitals, churches, office buildings, and factories, while providing little or no relief to itself.

Therefore, besides the fact that the amendment would not accomplish what it sets out to accomplish, it would have the dangerous effect of pushing up fuel prices for millions of consumers and injuring our national security.

Our petroleum reserves were reduced during World War II and the Korean War. In 1954 proven reserves of crude oil in the United States stood at 29½ billion barrels, with natural gas liquefied, a form of petroleum, at slightly more than 5 billion barrels. Our demand for all oils in 1954, however, was more than 3 billion barrels. And our needs are growing every year.

Foreign oil is important to our security. We should make every reasonable attempt to draw on our foreign sources now, saving our own reserves for an emergency in which foreign oil might be less readily available than it is today.

A limit on oil imports would also harm those Americans who have chosen to put their savings in oil investments abroad. Our oil investments in all areas of the world in 1954 amounted to nearly \$5 billion. To reduce imports by American firms who have invested abroad would do great economic harm to these companies, as well as to the individual investor. It would serve to discourage further investment, which could result in a drying up of our important foreign oil sources.

A fixed formula such as is contained in the Neely amendment fails to recognize that we are dealing with a fluid, ever-changing situation. Our industrial and military requirements are constantly growing and, in the future, may grow more quickly than we now visualize. Even the severity of winter changes our oil requirements considerably. But, in spite of changes in need, the fixed 10 percent formula will remain a towering barrier to the natural workings of supply and demand factors.

The President's Advisory Commission on Energy Supplies and Resources has recommended a voluntary quota system, with imports being maintained roughly at the 1954 level. This system should be given a chance to work. Not only would it enable us to maintain flexibility in our imports, adjusting them to our requirements, but it would also eliminate the necessity of imposing country quotas and other restrictive devices which would only lead to ill will and retaliation on the part of our foreign friends.

It is the only sensible policy to follow when we are dealing with a situation that requires constant reappraisal. Our foreign sources of oil, the good will of our friends, our own exports, American investments, the well-being of the American consumer—all of these are at stake in this question. We

should not sacrifice all that is good in our present system for the extremely dubious benefits that the Neely amendment might bring to the domestic oil and coal industries. Our national security and the needs of the American consumer demand that the Neely amendment be defeated.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from New Mexico [Mr. ANDERSON].

Mr. ANDERSON. Mr. President, I appreciate the courtesy of the minority leader in yielding to me at this time. I intend to vote for the amendment. Perhaps it is not exactly what I would hope to have in the way of an amendment to deal with this subject, and perhaps the residual fuel situation may be such that the proposed amendment may not be the cure-all it is hoped it will be. Nevertheless, I intend to vote for the amendment and to support it, in the hope that it may be adopted.

Mr. KNOWLAND. Mr. President, I yield a half minute to the Senator from Oregon.

Mr. MORSE. Mr. President, for the major reasons stressed by the Senator from West Virginia [Mr. NEELY], and the junior Senator from Kentucky [Mr. BARKLEY], and for the detailed reasons which I shall set forth at a later hour in support of one of my own amendments, I wish the RECORD to show that I shall vote for the Neely amendment.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Pennsylvania.

Mr. MARTIN of Pennsylvania. Mr. President, I ask unanimous consent to have printed in the RECORD at this point my views on the Neely amendment and on the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MARTIN OF PENNSYLVANIA

The future of our domestic oil industry is of vital importance to the economic and military strength of our Nation.

Oil is one of the bulwarks of our national defense. It is the lifeblood of our Armed Forces in action—on land, on the sea, and in the air. It is one of the most powerful supports of our great industrial production.

In the event of another world conflict our hope of victory will depend on American oil. Without a strong domestic oil industry we will have no assurance of oil supplies adequate to meet our Nation's military, industrial, and civilian needs in time of emergency. We know from our experience in World War II that we cannot rely on foreign oil for security.

It therefore seems to me beyond all question that a healthy and expanding domestic oil industry is a fundamental defense requirement so long as armed aggression threatens to shatter the uncertain peace that now prevails in the world.

It also seems to me beyond all question that decisive, corrective steps must be taken to protect the American oil industry from destructive foreign competition.

The American people are the largest users of petroleum in the world. But in spite of the enormous market created by American demand, the independent oil producers of the United States are facing a desperate situation.

They are struggling to keep their heads above water in the face of an ever-growing flood of imported oil. Many of these independent producers are in the small-business

category. For them it is a struggle for survival.

They find themselves unable to operate on a reasonably profitable basis against the increasing competition from cheaply produced foreign imports.

Since 1946 the national consumption of crude oil has increased more than 40 percent while the volume of oil imports has increased 140 percent.

In the first quarter of this year the increase was 21 percent over the comparable period of last year. In the first 4 weeks ending April 16 the increase advanced to 26 percent over the same period of last year. There is every indication that the importing companies intend to make further substantial increases in their imports to the further detriment of domestic producers.

Conservation programs in the oil producing States are based principally on market demand. They restrict the amount of oil domestic producers are allowed to place in the American market. But no such restrictions apply to the foreign producer or importer.

Production cut-backs by State regulatory bodies have brought operations down to only 15 days a month largely because foreign imports have cut down market demand for domestic production.

The producers who are subject to conservation statutes in the various oil producing States average less than 20 barrels a day from all the oil wells in this country. They are compelled to compete with the production of wells in the Middle East that produce more than 6,000 barrels a day.

The Middle East oil producers are not subject to conservation controls. Their production is not restricted. They are not required to meet minimum-wage standards. They are not required to shoulder any of the other burdens that are imposed upon the American producer.

The oil industry found some measure of encouragement in the report and recommendation of the President's Committee on Energies, Supplies, and Resources Policy. That committee recognized that excessive imports of oil could endanger the military and civilian supplies and the reserves necessary for national defense. Its report further stated that this would diminish incentives for the exploration and discovery of new sources of domestic petroleum.

The President's committee proposed that oil imports be curtailed by voluntary action of the importing companies. It is a fact that some of the importers tried to bring about voluntary restrictions but the effort failed to bring about the desired result. It appears that voluntary restrictions simply will not work. If oil imports are to be restrained for the protection of the domestic industry and for reasons of national security, it must be by action of Congress or the President under powers delegated to the executive branch of the Government by Congress.

Too much emphasis cannot be placed on the essential need for continued exploration to make more oil available for peace or war. America owes a great debt to the wildcatter who takes great risks in the search for new oil fields. If foreign oil dries up the market for the domestic product, there will be no incentive for the wildcatter to put his energy, initiative, and enterprise into the search for oil. That would be a calamity.

I do not minimize the importance of foreign trade to the economy of the United States.

I recognize the importance of preserving friendly relations with the free nations of the world that need our help to resist the inroads of communism.

I believe we should do all in our power to encourage the full and fair interchange of goods among the free nations to bring them closer together in friendship and understanding.

But I believe that the maintenance of a strong and sound economy in the United States should always be our first and foremost objective.

In my own Commonwealth of Pennsylvania as well as the other coal-producing States unrestricted importation of residual oil has caused severe unemployment among miners, railroad workers, and others. It has caused serious injury to the coal industry. It has had a disastrous effect upon local communities in the coal-mining areas.

Residual oil last year displaced 30 million tons of American coal.

In December 1954 the American coal-mining industry had over 143,000 persons unemployed with thousands of others working part time.

In the anthracite region of Pennsylvania alone the total payroll has dropped a total of \$50 million in the past 3 years.

When the coal industry is adversely affected the damage spreads through many other industries such as timber, steel, machinery, explosives, and the railroads.

The production of coal is a national-defense industry. It should be protected against competition that would destroy its usefulness in time of national peril.

Regardless of dangers I have discussed, I intend to support this bill because I believe it has within it provisions sufficiently strong to bring imports and domestic production into line with the needs of the national economy and national defense.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. How much time remains on the amendment?

The PRESIDING OFFICER. The Senator from California has 42 minutes remaining.

Mr. KNOWLAND. How much time remains on the side of the proponents of the amendment?

The PRESIDING OFFICER. All time of the proponents has expired.

Mr. KNOWLAND. I am prepared to yield back the remainder of my time. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Frear	McClellan
Allott	Fulbright	McNamara
Anderson	George	Millikin
Barkley	Goldwater	Monroney
Barrett	Gore	Morse
Beall	Green	Mundt
Bender	Hayden	Neely
Bennett	Hickenlooper	Neuberger
Bible	Hill	O'Mahoney
Bricker	Holland	Pastore
Bridges	Hruska	Payne
Bush	Humphrey	Potter
Butler	Ives	Purtell
Byrd	Jackson	Robertson
Capehart	Jenner	Russell
Carlson	Johnson, Tex.	Saltonstall
Case, N. J.	Johnston, S. C.	Schoeppel
Case, S. Dak.	Kefauver	Scott
Clements	Kerr	Smathers
Cotton	Kilgore	Smith, Maine
Curtis	Knowland	Smith, N. J.
Daniel	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lehman	Symington
Duff	Long	Thurmond
Dworshak	Magnuson	Thye
Eastland	Malone	Watkins
Ellender	Martin, Iowa	Welker
Ervin	Martin, Pa.	Wiley
Flanders	McCarthy	Young

The PRESIDING OFFICER (Mr. KERR in the chair). A quorum is present.

Mr. DANIEL. Mr. President, I ask unanimous consent to have printed in the RECORD, a statement I have prepared concerning the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR DANIEL

Last year when this legislation was on the Senate floor I warned that excessive oil imports were threatening the domestic petroleum industry and the national security. I said then that importing-oil companies themselves should solve the problem by voluntary reduction of their imports. Industrial statesmanship by American importing companies could have solved the problem, but it was not practiced by a sufficient number of the companies concerned.

This year the President's Cabinet Advisory Committee on Fuels and Energy Supplies reported that imports in excess of the 1954 ratio would endanger the national security.

Instead of reducing imports to 1954 levels, the major companies owning foreign oil have increased total crude imports for the first quarter of 1955 about 20 percent over the first quarter of 1954. As a partial result of these excessive imports, Texas production has been reduced to 16 days per month, and independent producers, who own no foreign oil, and the State tax revenues are suffering great losses.

Under these circumstances I testified before the Senate Finance Committee in favor of this amendment, and I shall vote for it today. However, I do not wish my vote to be considered as indicating any doubt about the assurances that have been made on the floor that administration officials will use section 7 (b), the committee substitute for the Neely amendment, to keep oil imports from exceeding the 1954 ratio. It is evident that the substitute will be adopted. I sincerely hope that it will work to protect not only our domestic oil industry but the national security, as intended by the Finance Committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. NEELY].

Mr. NEELY. Mr. President, I renew my request for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. NEELY]. [Putting the question.]

Mr. JENNER. Mr. President, I ask for a division.

On a division, the amendment was rejected.

Mr. LANGER. Mr. President, I wish the RECORD to show that I voted in favor of the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. JENNER. Mr. President, I should like the RECORD to show that I also voted for the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. SCHOEPEL. Mr. President, I should like the RECORD to show that the senior Senator from Kansas voted for the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. BARRETT. Mr. President, I request that the RECORD show that I voted for the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. GOLDWATER. Mr. President, I ask that the RECORD show that I voted for the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. WELKER. Mr. President, I should like the RECORD to show that I voted for the Neely amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. THYE. Mr. President, I should like the RECORD to show that I voted against the Neely amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. YOUNG. Mr. President, I desire the RECORD to show that I voted for the Neely amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. HOLLAND. Mr. President, I wish the RECORD to show that I voted against the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. THURMOND. Mr. President, I should like the RECORD to show that I voted against the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. NEUBERGER. Mr. President, I should like the RECORD to show that I voted against the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. JOHNSTON of South Carolina. Mr. President, I wish the RECORD to show that I voted against the amendment.

The PRESIDING OFFICER. The RECORD will so show.

The bill is open to further amendment.

Mr. MORSE. Mr. President, I understand it was contemplated that the distinguished junior Senator from Wyoming [Mr. O'MAHONEY] would proceed next with his amendment, and that I would follow him. Under those circumstances I yield the floor.

Mr. O'MAHONEY. Mr. President, I call up my amendment designated 5-3-55/F, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Wyoming.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

"Sec. . No foreign trade agreement hereafter entered into under the authority delegated to the President by section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), no amendatory or supplementary agreement hereafter entered into under such section, and no duties or other import restrictions specified in a proclamation issued by the President to carry out any such foreign trade agreement or any such amendatory or supplementary agreement, shall take effect until the Congress by law has specifically approved such agreement; and no notice of termination under section 2 (b) of the act of June 12, 1934, as amended (19 U. S. C., sec. 1352 (b)), shall take effect with

respect to any foreign trade agreement, or any amendatory or supplementary agreement, hereafter entered into under such section 350, until the Congress by law has specifically approved such notice of termination."

Mr. O'MAHONEY. Mr. President, I regret very much that I am laboring under a severe handicap in the use of my voice. I have some important things to say to the Senate. I am glad there is so large an audience now present.

I do not know that I have ever stood upon the floor of the Senate and made a more important plea to the Members of this body than the one which I shall now attempt to make. I may be unable to say all I should like to say; but I believe that if Senators had sat through the debate, as I have sat through it, they would realize that the Members of the Senate who have spoken in favor of the bill as reported by the Committee on Finance are at complete odds in their conception of what it will do.

In this morning's New York Times I read a statement by one Senator that he expected the bill, if it passed and became a law, to be enforced by the administration in such a way as to bring about a reduction of imports into the United States. Then I heard an eloquent address, based on historical statements, delivered upon the floor, in which the argument was made that the bill would reduce tariffs and increase imports. Both Senators doubtless were altogether honest in the views they expressed.

Another Senator said on the floor that Congress will have to watch carefully the enforcement of the law; but he has done nothing to make it possible for Congress to do so.

The amendment which I have called up is a simple amendment. It will not destroy the desires of the proponents of either of those contending views. It will allow the President and those who are his assistants, those to whom he may delegate the legislative power of Congress, to negotiate trade agreements; but it will require, and this only, that before the agreements can become effective, they must be filed with and approved by Congress.

Senators who have not read the bill or the amendment will say that the junior Senator from Wyoming now wants to put the Senate and House back into the old days of logrolling tariff bills. What those bills were, I cannot testify from personal experience, because I was not here when any of them were enacted. I do not care to cast any aspersions upon any Member of the Senate or upon any previous Congress. I am only saying what I believe Senators know to be the incontrovertible truth.

The power to levy duties and tariffs was placed by the Constitution in Congress. It may be said that Congress can no longer perform this function because it involves too much detail. My amendment has no relation to that situation. My amendment is so broad that both Houses of Congress would have to vote a trade agreement up or down as a whole,

without submitting amendments or without trying to make changes.

I ask any Senator who supports the bill why, under such circumstances, he would refuse to allow Congress, of which he is a Member, to examine the work which will be done by the persons to whom authority will be delegated.

The Secretary of State in his testimony before the Committee on Finance, which I read into the RECORD yesterday, said there was only one person in the country who was capable of negotiating trade agreements and who knew what ought to be done, and that person was the President of the United States. Of course, the Secretary could not have meant that literally, because it is obviously impossible for the President to conduct the negotiations.

As has already been pointed out, it was an able gentleman from Nebraska, the Assistant Secretary of State for Economics, Mr. Waugh, who went to Geneva and signed the trade agreement with 34 nations. It was not the President who did that. The discussions took place at Geneva.

My amendment reads as follows:

No foreign-trade agreement hereafter entered into under the authority delegated to the President by section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), no amendatory or supplementary agreement hereafter entered into under such section, and no duties or other import restrictions specified in a proclamation issued by the President to carry out any such foreign-trade agreement or any such amendatory or supplementary agreement, shall take effect until the Congress by law has specifically approved such agreement; and no notice of termination under section 2 (b) of the act of June 12, 1934, as amended (19 U. S. C., sec. 1352 (b)), shall take effect with respect to any foreign-trade agreement, or any amendatory or supplementary agreement, hereafter entered into under such section 350, until the Congress by law has specifically approved such notice of termination.

The only purpose of the amendment is to make it possible for the Congress to look at the work which has been done by the persons to whom you, my colleagues, delegate this power, and by whom it is redelegated, and then determine whether or not in the judgment of Congress, it ought to be made the law of the land.

Mr. President, how can any person feel that what I ask is a thing which should not be done? Is there a Senator in this Chamber who fails to realize that the United States, and all the nations of the world, at this very moment, are hanging on the very brink of disaster?

Mr. WATKINS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KERR in the chair). Does the Senator from Wyoming yield to the Senator from Utah?

Mr. O'MAHONEY. I yield.

Mr. WATKINS. Suppose the amendment of the Senator from Wyoming were adopted and the Congress did not take any action under the amendment. What would be the result?

Mr. O'MAHONEY. If the Congress did not take any action, Congress would not have approved the agreement, and it would not become effective.

Mr. WATKINS. It would be in the same category as any treaty which would not have been approved by the Senate. Is that correct?

Mr. O'MAHONEY. That is correct; and if either House voted against it, the agreement would have no effect.

If it were desirable to make action by Congress compulsory, I would have no objection to that.

What I am trying to seek is to have this Congress, of which I am a Member, and of which all my colleagues are Members, have the opportunity to look at the legislative work that is being done in its name.

Do my colleagues doubt that these are critical periods? If they do, let me ask them to glance at the messages which have been sent to this body in the last few days from the White House. First we have the message on foreign aid. Three and a half billion dollars for foreign aid. Is it possible to conceive that, while the executive believes we must extend foreign aid to the free nations of the world in the amount of \$3½ billion, this is a time to negotiate trade agreements as though we were dealing with self-supporting nations, without need of aid from the Treasury of the United States, which is now running a deficit? The Secretary of the Treasury wonders day by day how he is going to balance the budget.

The chairman of the Finance Committee comes on this floor day after day with reports which are carefully worked out, in his attempt to reduce unnecessary expenditures. Yet, in the face of the conditions we face, and with the President recommending Federal aid for foreign nations in the amount of \$3½ billion, it is proposed that we give the President complete discretionary authority to negotiate trade agreements.

I have in my hand the message which the President sent to Congress on the 2d of May. This is his message recommending the establishment of the International Finance Corporation, to which the United States will have to contribute a subscription of capital stock in the amount of \$35,168,000.

I ask my colleagues to listen while I read the second paragraph of this message:

These actions—

The actions which he has outlined for building up the free world, with which objectives I am in complete agreement; but "these actions" as he has described them can be set forth in his language, in this way:

These actions—such as extension of the Trade Agreements Act, United States membership in the Organization for Trade Cooperation—

That is an organization consisting of 34 nations. Thirty-two nations have signed the agreement, and two have not joined it. Those two nations are Czechoslovakia and the United States of America. The other 32 countries have joined it. Our representatives, the same representatives to whom it is now proposed the Senate delegate this power of Congress, have negotiated the agreement with respect to the Organization for

Trade Cooperation, upon which the Senate will presently be asked to vote—simplification and improvement of customs valuation procedures—

The President says that is necessary—increased tourist allowances.

I think these are subsidies, I will say to the chairman of the Finance Committee. Tourist allowances we must give in order to build up the business of foreign nations.

Changes in the law concerning the taxation of income from foreign sources and further developments in tax treaties designed to encourage private investment abroad.

Of course, it is fine to encourage private investment abroad, but are we going to participate in this huge program of expenditure and of action by taking the first step which, in this crisis, grants to the President of the United States, in name only—in reality to anonymous individuals whom we do not know—the power to make trade treaties affecting the commodities of our respective States?

The Senator from Colorado, the leading minority member of the Committee on Finance, asked the Secretary of State, when he was before the committee, whether the bill, as he presented it, would not bring disaster upon some businesses. The only answer of the Secretary of State to the Senator from Colorado was, "Why, the Government of the United States sends soldiers out to die." But the obvious answer to that was that when the United States drafts men, it does it in public, not behind closed doors, and we do it because it is our duty. But we are asked to send businesses down the road to disaster, and to let it be done by somebody else in secret.

What are we thinking about? In this great crisis of civilization, how can we, the strongest free nation in the world, devoted to the theory of popular government, be willing to give up the very basis of popular government, merely because someone says, "Oh, Congress cannot do this work, and the national security is involved."

Mr. President, certainly the national security is involved if the Senate lets this power pass out of its hands. When the dome above the Capitol crashes, government of the people, by the people, and for the people will be gone.

When we turn over the powers of Congress to the executive departments or to the President of the United States, however genial, kindly, or able he may be, we are abandoning the Constitution of the United States and we are saying to our constituents who sent us here, "Mea culpa, mea culpa; I am unable to perform the duty I asked you to entrust me with when I requested your votes."

Mr. President, I hold in my hand the President's message dated April 14, 1955, urging that the Congress approve United States membership in an organization for trade cooperation. Let me read to the Senate—and I hope the Senator from Virginia will pardon me for saying it—the shilly-shally language of the amendment proposed by the great Finance Committee with respect to this world organization, which will have an assembly of its own, and will have an

executive board which will tell us where its site will be. It may be in Geneva; it may be in Bandung; we do not know. I shall read what the Finance Committee has said about it, in trying to do the best it could do, if the bill should be passed, without doing something which would obviously be wrong. I read now from page 3, beginning in line 8:

Provided, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

Mr. BARRETT. Mr. President, will my colleague yield to me?

Mr. O'MAHONEY. I yield to my distinguished colleague.

Mr. BARRETT. I should like to ask my colleague a question with reference to that language. As I understand, some of the countries which belong to GATT contend that by reason of the authority inherent in the Reciprocal Trade Agreements Act, the organization which has been established, commonly known as GATT, presently possesses the power to bind the United States not to increase any of the tariffs presently in force or to make any change which would be disadvantageous to them in our law affecting imports.

Mr. O'MAHONEY. That claim has been made, and I think it can be substantiated. But I do not say that conclusively.

However, I will say and I should like to call the attention of my colleague to the statement—that on page 2, in line 21 of the bill, as reported by the committee, there is language, adopted by the House, which provides the first power which under this bill would be granted to the President. That language is as follows:

(A) To enter into foreign trade agreements with foreign governments or instrumentalities thereof.

It does not say "bilaterally." It does not say "collectively"—just as the amendment I read a moment ago does not say "approved" and does not say "disapproved."

Mr. BARRETT. Mr. President, will my colleague yield further to me?

Mr. O'MAHONEY. Certainly.

Mr. BARRETT. Since it is contended that we are already bound, it seems to me, that in order to disavow any such construction, we would have to take a positive position that the passage of this bill shall not be construed to indicate the approval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade, rather than to take a noncommittal stand.

Mr. O'MAHONEY. Of course, the proposal for the new organization for trade cooperation, or whatever the correct name may be—at the moment I have forgotten the exact title—

Mr. BARRETT. It is the General Agreement on Tariffs and Trade; is it not?

Mr. O'MAHONEY. The proposal has been sent to us, and I expect that the Finance Committee will hold some sessions on it. But the moment the committee goes into those sessions, all the

pressure which has been brought upon the Republican Members of the Finance Committee to forego stating their convictions about this matter and to forego expressing their doubts, will again be brought to bear upon them, in an attempt to get them to agree to a substitute for the original Neely amendment—a substitute which would put the entire matter, not in the hands of the President, but in the hands of the Secretary of Defense.

Mr. President, to whom are we delegating the power? Furthermore, all the power so delegated will be discretionary.

Mr. BARRETT. Question arises as to whether we may be authorizing the delegation of the powers granted to the Congress, not to the executive branch of our Government, but to decision by a group of nations operating as the GATT organization.

Mr. O'MAHONEY. Individuals who have been sent all over the world, but have never appeared before the Senate Finance Committee or the House Ways and Means Committee, are performing the duty of Members of Congress in that respect.

I remember an occasion in 1933, after the first trade-agreement act was passed in 1930, at which time I was not a Member of the Senate—I did not become a Member until 1933—when I went with a number of other western Senators, Senators from Colorado and Texas, among other Western States, to a meeting of the Committee on Reciprocal Trade Information. The meeting was held in one of the Government buildings in Washington. As I saw those Senators, members of powerful committees created by the Senate to discharge constitutional powers, stand before those figureheads—which is all they were, because they never opened their mouths—and plead for the action those Senators should have been debating upon this floor, I turned upon my heel, took my hat, and returned to my office in the Senate Office Building, because I felt that such a procedure was wholly and completely in derogation of the great dignity of this body.

Mr. MALONE. Mr. President, will the Senator from Wyoming yield to me?

Mr. O'MAHONEY. I yield.

Mr. MALONE. What the Senator from Wyoming has said recalls to my mind the fact that in 1940, when I was special consultant to the Senate Military Affairs Committee, and when the distinguished Senator from Wyoming was a Member of the Senate, Senator Ed Johnson, now the Governor of Colorado, sent me to the same board, to hold the board in session until he could get there to plead the case of one of the minerals produced in his State. That nearly broke my heart, because when he arrived there, the distinguished Senator from Colorado went before that little committee of nonentities, as the Senator from Wyoming has just said, with his hat in his hand; but the members of the board paid no more attention to him than they would have paid if a yellow dog had come through the door.

Mr. O'MAHONEY. That is the way to abandon self-government. If we are going to lead the peoples of the world to

freedom, how can we do it by giving up our right to govern ourselves and the people who sent us here? We may make mistakes, we will make mistakes, but the mistakes we make are made in the open, where everyone can see them.

It is said that in times past Members of this body and Members of the House have yielded to corrupt influences. I have been a Member of this body for 20 years, and I have yet to see the slightest indication of any lack of integrity on the part of any Member of this body. Sometimes I do not agree with their views, I will say to the Senator from Nevada, but we all know that Members of this body respect the disagreement of others with their views.

The Senator from Virginia [Mr. BYRD], chairman of the Committee on Finance, listened to my testimony on this amendment before the committee, and he was very kind in his references to the arguments which I made. But I could tell from his smile that he did not have much faith that I would succeed in what I was trying to do.

I offered this amendment in the first instance as long ago as 1934, and that year we came within 6 votes of having the amendment adopted. Some Members of this body, including the great Senator Carter Glass, of Virginia, went before the committee, and stood on the floor of the Senate and argued that trade agreements are treaties and should be ratified, as the Constitution provides treaties should be ratified. It was a persuasive argument. Senator Key Pittman, of Nevada, chairman of the Foreign Relations Committee, offered the amendment to require ratification. The amendment was voted down, because the experts in the State Department, the theorists in the State Department, who had never faced an electorate in their life, felt that the time had come to get rid of toying with the Senate of the United States.

I remember reading a book by Belisarius, in which it was said that Justinian, the great Roman emperor of the eastern empire, complained at the fact that he had to go before the graybeards in the Senate to get permission to move an army. Justinian was an emperor, and the Roman senate was a body representing the ancient Roman ideal of self government.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MALONE. Let me say to the distinguished Senator from Wyoming that the same experts are still in the Department. Many of the same ones who were there in 1934 are still there. They belong to the second, third, and fourth echelons, and they are still giving the same advice.

If the OTC, the Organization for Trade Cooperation, which amends the GATT regulations, comes before the Congress—and I am advised that it has been brought before the House—and we approve it, we approve GATT, the General Agreement on Tariffs and Trade, meeting at Geneva; but if we do not approve it, we do not disapprove GATT. It will continue. Is that correct?

Mr. O'MAHONEY. There is great danger that it may.

Mr. MALONE. I am certain that it would.

Mr. O'MAHONEY. The Senator will pardon me if I say to him that I promised the majority leader when I took the floor that I would speak for 20 minutes. From the way he is shifting about in his chair, I think probably I have spoken already for 21 minutes.

Mr. MALONE. I congratulate the Senator from Wyoming.

Mr. O'MAHONEY. If the Senator will pardon me for a moment, I shall try to keep my agreement.

I plead with Senators to make certain that no trade agreements shall be proclaimed and made effective solely by the President of the United States, because I say to Senators that the governments of the other parties to these agreements will know, and their people will know, the result; and unless the Senate votes for the amendment which I have offered, Senators will be voting to say not only that the people of the United States will not know, as soon as the nation with which we have agreed, but that they will not know as soon as all the nations under the favored-nation clause will know.

Take the case of Japan. The Finance Committee struck out an amendment dealing with Japan. That was a sop to Senators who represent textile-producing States, States producing cotton and other yarns which go into the manufacture of clothing, because of the fear of competition from Japan. Does anyone fail to know what the situation is in Asia? Does anyone doubt that the President, the Department of Defense, Members of Congress, and, more importantly, the people of the United States, are wondering whether or not we are to have war in Asia? We hear about Formosa, about Quemoy and the Matsus, and about the Tachen Islands, which we have already compelled Chiang Kai-shek to leave. We know that the Red Chinese Communists have violated the armistice which was declared at Panmunjom. We know that they have built their airfields in North Korea. We know that they have received almost 400 jet fighter planes from Russia. We know that the people of Japan, if they are to live, must trade somewhere. If we forbid them to trade with Red China and then deny them an opportunity to trade with the United States, what are we doing to aid in the solution of this great world problem?

This problem has not been thought through. The greatest problem in the world is the loss of government by the people. If my amendment is defeated today, the vote will be a vote by the Senate of the United States to undermine government by the people, because we represent the people. They sent us here.

I could go through the bill page by page and pick out amendment after amendment.

Let me make one more reference and then I shall yield the floor. I read from the famous substitute for the Neely amendment. It is on page 13 of the bill at line 22. It is subparagraph (b) of section 7:

(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall—

Take action? No—

shall cause an immediate investigation to be made to determine the facts.

Mr. President, how can we accept such language as a substitute for the language we want? If we pass the bill as it comes to us from the committee, without the amendment I have offered, which requires that Congress shall know what is being done in its name before it becomes effective, then I say to the Senate democratic government—and I spell it with a small "d"—and popular government is trembling upon the very brink of disaster.

I will close by saying that the bill itself is a conjury of contradictions. It starts out on page 2 with this declaration of purpose. Senators who want to cut down imports and those who want to reduce tariffs should listen to what is proposed:

(a) (1) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other important restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

I turn to page 3, subparagraph (2) of paragraph (B):

(2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made—

(A) Increasing by more than 50 percent any rate of duty existing on January 1, 1945.

There follow other limitations.

No member of the committee and no Member of the Senate knows what will be done if the bill becomes law. We have a very different situation from the one that existed back in 1930 and 1934, after the economic collapse of 1929. Then we were trying to walk in one direction. Now we are trying to walk in another direction. Now we are trying to avoid war. Now we are trying to establish peace. Now we are trying, by appropriating billions of dollars of our citizens, to build up foreign nations so that they may be economically strong. Yet we pretend to believe that this is a measure which will build up trade and promote trade and commerce and national security. We are following

slogans. We are not acting with our brains.

Mr. KILGORE. Mr. President, will the Senator from Texas yield me 2 minutes?

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from West Virginia.

Mr. KILGORE. Mr. President, because of the fact that no yea-and-nay vote was taken on the amendment offered by my distinguished colleague from West Virginia, I wish the RECORD to show that I voted for the amendment.

At the same time I wish the RECORD to show also that inasmuch as the word "reciprocal" has been in my humble opinion prostituted in the whole discussion of trade treaties, unless the pending bill is amended, I expect to vote against the bill.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Colorado.

Mr. MILLIKIN. Mr. President, I am very sorry to have to disagree with the interesting remarks of my good friend from Wyoming [Mr. O'MAHONEY]. If the Senator's amendment were adopted it would be equivalent to a sudden end of the reciprocal trade system, for some very obvious reasons.

Congress, under its constitutional powers, cannot negotiate with foreign countries. If there is to be a reciprocal trade act, negotiations with foreign countries must necessarily be carried on by the Executive.

The executive department could not get any agreements with foreign countries for reciprocal trade if every agreement which was made had to be brought back to Congress and had to go through the tortuous determination of whether it would be acceptable to Congress. Under those circumstances, no nation would want to trade with the United States, and perhaps no nation would be justified in trading with the United States. There would be too much uncertainty involved. We would be held up to ridicule by the other countries with which we would want to make favorable trade agreements under the reciprocal trade system.

Mr. President, can anyone imagine the kind of situation that would be created?

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. O'MAHONEY. Does the Senator from Colorado mean to say that because we live in a totalitarian world we must do as the totalitarian countries do?

Mr. MILLIKIN. No; I did not mean to say that. I mean to say that we should not do as the totalitarian countries do.

Mr. O'MAHONEY. Is it not a fact that many of the nations with whom we have made trade agreements require the submission of agreements to their parliaments before they can become effective?

Mr. MILLIKIN. That may be true in some countries.

Mr. O'MAHONEY. Why should we deny that system to ourselves?

Mr. MILLIKIN. We have a constitutional situation which is somewhat different from that of any other country.

Under the Constitution, Congress cannot carry on negotiations with foreign countries. We must use the executive department for that purpose. The executive department could never count on any assurance coming from Congress, no matter how high a nopinion, or whatever opinion it might have of Congress. Our agents going throughout the world, in trying to make trade agreements, could only say, "We are making this agreement with the understanding that it must go back to Congress. We cannot assure you whether the agreement will be satisfactory to Congress or whether it will be modified, or what will happen to it."

The result would be uncertainty in world relations. I cannot imagine anything that would do more to promote uncertainty in our trade affairs throughout the world. I think it would be utterly devastating. There could not be a single agreement made with assurance that it would stand. It would throw our whole world trade into the air. It would be either a part of the sky or anchored to the world, and no one would know of what our world trade consisted.

Let us consider that we have made an agreement, through what would be left under the reciprocal trade system, and it is brought back to the Congress. There is no difference, in real effect, between that and having a restoration of the old statutory tariff system. We might as well make agreements in advance and make them by statutory enactment as we used to do.

Mr. President, I never shall forget that once, when talking with Arthur Vandenberg, he said, "GENE, if we were going back to that system, I would resign from the Senate in 24 hours."

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. JOHNSON of Texas. Mr. President, I yield as much time as the Senator from Colorado may require.

Mr. MILLIKIN. I thank the Senator from Texas.

Mr. President, Senator Vandenberg, and others who were in the Senate in the same period, realized what utter confusion there was, even in that day, in trying to operate a statutory system of tariffs without consultation with other countries, without knowing what the effect would be, without knowing how our trade affairs would be balanced or unbalanced.

The amendment, I respectfully suggest, is perhaps the most crippling amendment that has been proposed to the Senate. I do not say that in a mean way, but to indicate that the amendment would destroy the rational system of trade with the rest of the world.

Supposing an agreement were made with a dozen countries and the agreement were brought back to the Congress. Those who entered into the agreement with us thought they were going to do something to help their own trade, the world's trade, and to better their condition. Then we would start to work on it in the Congress. It would be referred to committees, the Senate Finance Committee and the House Ways and Means Committee. We would start a hearing

on every item in the agreement. We could not approve it without having a hearing on every item. There would be hundreds and hundreds of witnesses. Goodness only knows what would happen to the agreement. It would be a miracle if it were approved completely. It might be disapproved, or there might be a suggestion that this, that, or the other thing be done.

As I have said, Congress cannot do its own negotiating. Under our Constitution, that has to be done through the State Department. A certain amount of delicacy is involved in our trade relations. We must work in a sound and rational way in the world in which we are living. We are not in a position to erect a wall and say, "Here are our moats; cross them if you can, and we will cross yours." We must get along with the world on the basis of friendship. I do not mean we should not uphold the rights of the United States, but we must consider the rights of other peoples and be decent and just in our dealings with them. If whatever is agreed upon must have the approval of the Congress, we cannot assure other nations what the Congress will do. Another nation may say, "What kind of a country are you? How do you conduct your affairs? You cannot even make an agreement on trade. The only thing you can do is to go back to statutory tariff making, which does not take into consideration at all the wishes of other countries."

That is our alternative. By voting for the amendment we shall be voting for a return to statutory tariff making.

Mr. LANGER. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. LANGER. Can the Senator name a single country, other than the United States, where an executive agreement does not have to go back to the parliament for approval?

Mr. MILLIKIN. I cannot say that there are more than one or how many there are.

Mr. LANGER. There are not any. If Canada enters into an agreement it must be approved by the Canadian Parliament. If France enters into an agreement, it must be approved by the Parliament of France. All executive agreements and treaties must be acted upon by the ruling body.

Mr. MILLIKIN. I repeat to the distinguished Senator that we would have to stop bargaining for trade agreements over the whole face of the world because no nation would bargain with us since any agreement might become utterly ineffective, and we could not guarantee to keep the agreement. I do not know how often the bargaining we have done with other nations has been repudiated by them.

I suggest, Mr. President, that the Senate decisively vote down the amendment, because if it should be agreed to it would be against the reciprocal trade system and for a restoration of statutory tariffs.

Mr. JOHNSON of Texas. Mr. President, I am authorized by the Senator from Wyoming [Mr. O'MAHONEY] to say that he yields back the remainder of his

time. And I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY].

The amendment was rejected.

Mr. MORSE. Mr. President, I call up my amendment which is identified as 5-3-55-D.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Oregon.

The CHIEF CLERK. On page 6, line 14, after the word "paragraph", it is proposed to insert "and the provisions of paragraph (6)."

Page 9, line 6, strike out the quotation marks.

Page 9, after line 6, insert the following new paragraph:

(6) No proclamation made under paragraph (1) (B) of this subsection shall take effect until after the expiration of 90 days of continuous session of the Congress following transmittal of the proclamation to the Congress. Such proclamation shall be transmitted to both Houses of Congress on the same day and to each House while it is in session. If, within 90 days of continuous session of the Congress following the receipt of such proclamation, either House of the Congress has passed a resolution stating in substance that that House does not approve the action of the President, then the proclamation shall not take effect and the foreign trade agreement shall be inoperative. For the purposes of this paragraph—

(A) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

(B) in the computation of the 90-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. O'MAHONEY. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. For what purpose?

Mr. O'MAHONEY. I wish to move that the action taken upon the rejection of my amendment be reconsidered. The reason why I make that motion is because I was in conference with my colleague, the senior Senator from Wyoming, about a matter wholly concerned with the people of Wyoming.

I have talked on numerous occasions with the distinguished Senator from Texas about my amendment, on which I thought it was understood that I was to have an opportunity to ask for a yeand-nay vote. Therefore, I wish to move to reconsider the vote by which my amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. JOHNSON of Texas. I had no understanding with the Senator from Wyoming that he was to have an opportunity to exercise his rights as a Senator. The Senator told me that he wanted to speak for 20 minutes. I asked him if, at the conclusion of his speech, he wanted to yield back his time, provided I would yield back mine. He told me that that was what he wanted to do.

When the debate on the amendment had been concluded, I looked over the

Chamber, trying to locate the Senator. I could not find him. I then went to the cloakroom, where I was notified that he was talking with his colleague.

I asked the Senator if he still wanted to yield back his time, on the condition that I would yield back mine. He told me that he did.

I rose and addressed the Chair in, I thought, a sufficiently loud enough voice for every Senator to hear me. I stated that the Senator from Wyoming had authorized me to yield back his time, and that I was authorized to yield back the time I controlled. After the time had been yielded back, I did not control the situation. It was a matter for each individual Senator. It was a matter for the Chair and the Senate finally.

But I have no objection to the request of the Senator from Wyoming. If a sufficient number of Senators wish to have the roll called, I shall ask unanimous consent that the Chair accept the request or the demand by the Senator from Wyoming for the yeas and nays; and if a sufficient number of Senators second the request, the roll will be called.

Mr. O'MAHONEY. The Senator from Texas is very kind.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Is the time for the procedure suggested to be taken from the time of the Senator from Oregon? [Laughter.]

Mr. MORSE. That would be all right with me, Mr. President, because I could offer more amendments.

The PRESIDING OFFICER. The Chair is not encouraging such action at the moment; but if the Senator from Oregon will yield, the Chair will put to the Senate the request of the Senator from Texas.

Mr. MORSE. I yield for that purpose.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas that the Senator from Wyoming be permitted to ask for the yeas and nays on his amendment? The Chair hears none, and it is so ordered.

First, it will be necessary to have reconsidered the vote by which the amendment was rejected. Without objection, the vote by which the amendment was rejected will be reconsidered.

Mr. O'MAHONEY. Mr. President, I now ask for the yeas and nays on my amendment.

The yeas and nays were not ordered.

Mr. O'MAHONEY. I thank the Senator from Texas for his courtesy.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Wyoming.

The amendment was rejected.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. MORSE. Mr. President, at the outset of my brief speech in support of my amendment I wish to congratulate the Senator from Wyoming [Mr. O'MAHONEY] upon his very brilliant speech this afternoon on constitutional law and on our constitutional system of the separation of powers and the system of checks and balances.

Earlier today I engaged in an interesting colloquy with my very dear friend the distinguished Senator from Illinois [Mr. DOUGLAS], with whom I find myself in complete disagreement on the matter of constitutional checks and balances in respect to the proposed legislation. I called his attention to the fact that 2 or 3 years ago he made a very sound observation with regard to a truism, namely, that a liberal need not be a wastrel. I would have the Senator from Illinois reflect today upon the fact that a liberal also should be a constitutionalist.

I wish to say a few words in support of my amendment, which really is correlated to the amendment offered by the Senator from Wyoming, but with a difference in procedure in order to accomplish the same end. I wish to say something about it in support of constitutionalism, because I speak most respectfully when I say that I think under the procedure of the pending bill the Senate is straying far from the very important constitutional safeguards which we owe to the people of the United States, whom we represent.

I think it is well, from time to time, just to finger the Constitution; to turn its pages and reflect again upon what our duties as Senators are; to ponder anew the meaning of our system of separation of powers and the meaning of our system of checks and balances; and also to keep in mind some of the very elementary principles of constitutional law.

So I would have the Members of the Senate take a look at article I, section 8, of the Constitution. We have heard the great words of our organic law many times in our lifetime, but never too often. This section points out that:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States.

Not a word is said in that article, or anywhere else in the Constitution, about delegating the constitutional power to lay and collect duties and imposts. This does not happen to be one of the powers that can be delegated. It is a legislative function, and it cannot be delegated.

Yet as I listened to some of the speeches in the debate, I was astounded, because some of the speeches have forced me to the conclusion that there are Senators who seem to be laboring under the mistaken notion that the legislative power of Congress can be delegated. It cannot be delegated. All that Congress can delegate is administrative power. The Supreme Court decisions on the subject matter are as long as our arms.

In effect, what the Senate is doing today, under the bill, under the pretense of delegating administrative power, is to violate article I, section 8, of the Constitution. We are in fact going beyond the delegation of administrative power.

I turn now to article II, section 3, which refers to the powers of the President of the United States. I read:

He shall from time to time give to the Congress information of the state of the Union, and recommend to their considera-

tion such measures as he shall judge necessary and expedient; he may, on extraordinary occasions, convene both Houses, or either of them, and in case of disagreement between them, with respect to the time of adjournment, he may adjourn them to such time as he shall think proper; he shall receive ambassadors and other public ministers; he shall take care that the laws be faithfully executed, and shall commission all the officers of the United States.

That article does not say that the President shall make the laws or lay the tariffs. Not a syllable in that section of the Constitution justifies the inference that Congress has the authority to delegate to the President the power to make tariffs.

The phraseology can be as it is in the bill, with all the language that is wanted, which seeks to give to the American people the impression that Congress is not attempting to delegate legislative power; but the fact remains that in practice, under this kind of law, that is exactly what the President will end up by doing.

So, as I have for several years past—this is not a new position for the senior Senator from Oregon—I am raising my voice again by proposing to write into the reciprocal trade law some constitutional checks upon the President of the United States, by providing for a procedure whereby Congress will have the mandatory duty to check the President, not at its whim; and if Senators will read my amendment, they will find that I do exactly that.

My good friend, the distinguished Senator from Colorado [Mr. MILLIKIN], persuasive and plausible as he is, engaged, I think, in a very unsound argument when he told us that foreign countries will not negotiate with the United States if we do not give the President the power of finality in regard to reciprocal trade agreements. The Senator from Colorado's saying so does not make it true. The fact is that the United States is constantly negotiating a great many understandings with other countries in the field of foreign relations. Those countries know full well the residuary power of the Congress to check the President of the United States.

I say most respectfully that I think it is pure nonsense to argue in the Senate that if we do not give the President the unchecked power, we cannot walk into the reciprocal trade agreement conference in Geneva and negotiate reciprocal trade agreements with foreign powers.

I will tell you what I think our duty is, Mr. President. Our duty is to teach some of these countries with whom we negotiate in Geneva the importance of a system of democratic processes. It is important for us to teach them what a system of constitutional checks and balances really means. It is important for them to have an understanding that the President of the United States does not sit in the White House as a dictator over the welfare of the American people, but that he sits in the White House of the United States, subject to the constitutional checks of the Congress of the United States.

Article I, section 8 of the Constitution, in my judgment, places a clear constitutional duty upon the Congress of the United States to write into this law some constitutional checks upon the President of the United States. And I am not at all moved by the scarecrow arguments of the Senator from Colorado to the effect that if we do not yield this important constitutional duty on our part here this afternoon, we are not going to be able to negotiate any reciprocal trade agreement.

I am at a loss to understand the argument, because what the Senator from Colorado is arguing this afternoon is that we should yield our power of check to a greater extent than it is yielded in Canada or Great Britain. I repeat, Canada and Great Britain place greater checks on their negotiators than we do in the United States.

As was pointed out this afternoon, I wish to say we are talking about protecting a government by the people. There are Members of Congress who go around the country talking about our system of checks and balances, but I fear that they talk in political clichés, because the test of whether they believe in it is how they vote in the Senate toward retaining the constitutional checks upon the executive branch of the Government.

Mr. President, I will tell you what I think we are doing this afternoon with this approach to the pending bill. We are creating votes for the Bricker amendment, and I am opposed to the Bricker amendment because, in my judgment, the Bricker amendment interferes with the President's foreign policy power. But you see, Mr. President, what has been done here by a sort of semantic sleight-of-hand performance. We are trying to give the American people the impression that these reciprocal trade agreements are primarily a function of foreign policy. They do not happen to be that at all; that is secondary. The primary function in regard to entering into trade agreements falls under article I, section 8, of the Constitution of the United States, namely, the delegated power of the Congress of the United States over duties, or, in other words, over tariffs.

There is another fallacy set forth by the proponents of the bill, to the effect that we can not have a reciprocal trade agreement unless Congress is read out of the act. I have come to the conclusion that we are not going to have a sound reciprocal trade program, we are not going to have true reciprocity, unless Congress is more jealous in protecting the authority given to it by the Constitution of the United States to fix duties.

That is why for a good many years past I have argued, as I am arguing this afternoon, for some effective exercise by the Congress of the United States upon the negotiators of so-called reciprocal trade agreements, but which for the most part so far have lacked, in fact, very much reciprocity.

In the course of the debate, there has been considerable argument that the commissions which Congress has set up under various laws it has passed, such

as the Interstate Commerce Commission, the Civil Aeronautics Board, and various agricultural commissions, are precedents for what is proposed in the pending bill. Of course, the fallacy in that argument is that we are dealing here with a specific constitutional function delegated to the Congress of the United States. It was true in decades gone by that tariff rates were written on the floor of the United States Senate, and on the floor of the House of Representatives. It became clear that the Congress would not be able to do much else if it did not stop writing tariff rates on the floor of the Congress.

So what did Congress do? It passed broad legislation. But the Supreme Court has held time and time again that, with sufficient standards and criteria laid out, so that the legislative function of the Congress was fulfilled in the field of tariffs, all the Tariff Commission had to do was to administer those standards and apply them to specific economic problems as they arose in connection with various items of production and numerous other factors of the American economy. When the Tariff Commission was so functioning it acted administratively, not legislatively.

As Members of the Senate know, some of those cases had very close lines of distinction drawn by the Supreme Court as between legislative and executive power. But where the laws had been sustained, they were upheld upon the general theory that the Congress set forth standards in the bill sufficiently specific so that all the Commission had to do was apply those principles to a given situation under the law, after a hearing duly called.

The argument by analogy made in the debate this afternoon about the Interstate Commerce Commission and the Civil Aeronautics Board is foreign and irrelevant to the point I am making. Under the Constitution, this happens to be a delegated authority, and it is mandatory, in my judgment, for the Congress to fix the duties, and Congress cannot delegate that power to the President of the United States.

There is no question, in my judgment, in the matter of constitutional theory, that we can delegate an administrative function to the President of the United States; but if Congress delegates to the President of the United States an administrative function involving a legislative duty of the Congress, the President is not the Chief Executive in that particular function; he is really an administrative officer of the Congress. In that case he is not functioning as the Commander in Chief, nor under article II of the Constitution, in respect to executive power. In such instances the President becomes the one person in our Government to participate in those particular negotiations—but as our administrative officer, not as President of the United States. Nor does he then carry out a foreign policy.

That function does not involve a question of the President's being, under the Constitution, the one who has charge of foreign affairs. He would be carrying out an administrative function with respect to a constitutional power of the

Congress of the United States to fix duties—in other words, to fix tariffs.

I am not going to be one in this body who in effect seeks to transfer to the President of the United States the power to make tariffs.

Mr. President, I believe in reciprocal trade. There has been another false assumption in the debate that I wish to answer, at least for my own benefit. It is that one cannot believe in reciprocal trade and cannot support reciprocal trade unless he writes Congress out of the act. I do not accept that thesis at all. To the contrary, I am satisfied that we will get reciprocal trade if Congress and the President work cooperatively on such agreements. I think in that argument one of the primary essentials is that the President of the United States should inform the Congress what those agreements are before they become final and binding.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. DOUGLAS. Is the Senator from Oregon aware of the fact that in the 90 years from 1844 to 1934 only 3 minor reciprocal trade agreements were consummated, namely, between the United States and Canada and Newfoundland, in 1854; between the United States and Hawaii, in 1875; and between the United States and Cuba, in 1902; and that, on the other hand, the following agreements were unsuccessful: with the German Zollverein, in 1844; with Hawaii, in 1855; with Hawaii, in 1867, with Canada, in 1875; with Mexico, in 1883; with Spain, Cuba, and Portugal, in 1884; with the Dominican Republic, in 1884; with Newfoundland, in 1888; again with Newfoundland, in 1890; again with Newfoundland, in 1902; and with Canada, in 1911? Will the Senator from Oregon take note that in the case of our neighbor to the north, Canada, we tried by treaty for almost 75 years to obtain an agreement with her, and we never were able to consummate one through the process of a treaty ratified by the Senate and approved by both countries?

So, although the Senator from Oregon is a profound constitutional lawyer, yet, Mr. President, in his desire for legal nicety, what he is doing is to pass a death sentence upon any effective program of reciprocity.

Mr. MORSE. Mr. President, the Senator from Illinois amuses me. How easy it is to set up several premises and then to draw a conclusion that has nothing at all to do with them. That is exactly what he has done.

I am surprised at the Senator from Illinois, who seems to think that one is engaging in constitutional niceties; but all the Senator from Illinois does is point out to me that one can be a liberal without being a constitutionalist in every case.

Before the Senator from Illinois entered the Chamber, Mr. President, I reflected upon a statement he made several years ago, namely, that in order to be a liberal, one does not need to be a wastrel. But I say to him that he had better be a constitutionalist, because his entire argument this afternoon has been

away from the Constitution, and he has attempted to throw out the window the entire system of checks and balances. In making that approach, he is attempting to imitate the totalitarians; now he wants to throw out the window the entire group of powers granted to Congress in article I, section 8 of the Constitution. Mr. President, let the Senator from Illinois read that part of the Constitution again and again. He needs to read it, and then he needs to study some of the Supreme Court decisions regarding what those provisions mean.

But what the Senator from Illinois is proposing here, today, I say most respectfully, is that we attempt to delegate to the President of the United States the congressional power to fix tariffs, imposts, and duties. Mr. President, we should not do that. I do not accept the argument of the Senator from Illinois that we, the representatives of the American people, cannot cooperate with the President in negotiating a reciprocal trade agreement.

Let me tell the Senator from Illinois why I think that what he has said in his references to the period of years during which practically no such agreements were entered into by the United States, is true. The reason is that in that period of time the people of the United States did not favor such agreements. But today a great change has occurred; today, in my judgment, such agreements happen to be the will of the people. But they do not want us to carry them out contrary to constitutional provisions. They believe that we, as their representatives, should help work out such agreements, and should be a party to them. But the President would deprive us of being a party to them.

Time and time again, many of us, including the Senator from Illinois, do not even know what these agreements are. In fact, the people of foreign countries know about them long before we do.

What I am pleading for, in the course of my debate with the Senator from Illinois, is that he join with me, as I am willing to join with him, in fighting for a program of reciprocal trade agreements. But I have confidence in the representatives of the people who want such agreements. I have confidence that we can succeed in having such fair agreements put through the Senate.

Mr. DOUGLAS. By the treaty-making power?

Mr. MORSE. But I am not willing to give to the President the dictatorial power that the Senator from Illinois is willing to give him. I am not willing to make any President the kind of dictator over the economic life of the people that the Senator from Illinois apparently is willing to make him, by surrendering congressional powers. I am not willing to surrender the congressional powers under article I, section 8, of the Constitution of the United States, to Dwight Eisenhower or to any other President; and I have so argued here on the floor of the Senate for many years.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield further to me?

Mr. MORSE. I yield.

Mr. DOUGLAS. Is the Senator from Oregon proposing, therefore, that before any agreement can be effective, it must be ratified by the Senate?

Mr. MORSE. I am proposing that after the President approves an agreement—either at Geneva or wherever else such agreements are negotiated—a period of 90 days shall elapse, while the Congress is in session; and the agreement shall not become effective if, during the period of 90 days, either House by resolution directs that the treaty shall not go into effect. That will be a constitutional check.

Mr. DOUGLAS. It will be a check, all right.

Mr. MORSE. And it is one that is sorely needed.

I am not in favor of giving the President of the United States the power to participate, through a representative in Geneva, in entering into an agreement affecting a segment of American industry, while the Congress of the United States sits helpless.

But in the debate we have reached the point where, if one of us raises his voice against a proposed reciprocal trade policy, it is said that he does not believe in reciprocal trade. Mr. President, I do believe in reciprocal trade, but I insist that we work out reciprocal-trade agreements under the Constitution. I do not understand why the Senator from Illinois assumes the premise that the Congress must be gotten out of the picture before we can have a reciprocal-trade agreement. The people of my State are in favor of such agreements, but they are also in favor of having them worked out under the framework of the Constitution. That is what I propose to do. Under article II of the Constitution, which provides that the President shall execute the laws enacted by Congress, I am not going to seek to delegate to the President the power, in effect, to write laws.

Mr. DOUGLAS. Mr. President, the Senator from Oregon is quite well aware of the fact that when the specific duties and tariffs were passed by Congress, the result, in nearly every instance, was that the industries which demanded protection simply swamped the Congress.

Mr. MORSE. But in those early days there was not a Tariff Commission, either. It was established later.

Mr. DOUGLAS. But there was a Tariff Commission in 1882.

Mr. MORSE. Yes, but I refer to the period before then.

Mr. DOUGLAS. And some of the worst tariff bills were passed shortly after that time. I think one of the worst was the McKinley bill. The McKinley bill, the Dingley bill, the Fordney bill, and the Smoot-Hawley-Grundy bill constitute a chamber of horrors. In Madam Tussards' Chamber of Horrors they would rate very high.

Mr. MORSE. Mr. President, let me ask the Senator from Illinois a question concerning the two periods of American history about which we find ourselves in such complete disagreement, insofar as interpretation is concerned. Prior to the establishment of the Tariff Commission, the tariff bills were written on

the floors of the two Houses of Congress. In my judgment, American history shows that in that period of time the overwhelming majority of the American people were protectionists.

Mr. DOUGLAS. Mr. President, I challenge that opinion. The Democratic Party was extremely strong from 1876 to 1896 and was dominant from 1912 to 1920.

Mr. MORSE. Mr. President, I would expect the Senator from Illinois to challenge it. But the fact is that during that period the American people returned to the Congress, term after term, men who ran before the people on platforms for high protection; and they were elected and reelected.

I believe in representative government, and I believe that the victories of the protectionists came under representative government; those men ran in their campaigns on the tariff issue, and were elected. They served in Congress, and were elected and reelected; and that situation in regard to tariffs existed for a number of decades.

Then something began to happen; there began to be a shift in public opinion. More and more persons started coming over to the so-called free trade approach, although free trade in those days was quite different from free trade as we now understand it. But there was a shift in public opinion in the Nation.

So it was decided that some expert help should be obtained, at least in administration; and the Tariff Commission was set up as an agent of the Congress. Congress then simply laid down general criteria or standards for the Tariff Commission to apply. But still, even as of then, the so-called high-tariff point of view was the prevalent point of view throughout the country.

There is a third period to which I call the Senator's attention, and we are living in it. Now I think the American people recognize that we cannot live unto ourselves alone economically. I think the American people now recognize that we are doomed economically if we try to go along in this century on the basis of any program of economic isolationism. Therefore, we now have support—thanks to Roosevelt and Truman—for the ideal of a reciprocal-trade program. I am for the ideal, but I refuse to accept the assumption of my friend from Illinois that we cannot practice that ideal unless we delegate all our powers to the President of the United States. The people expect us to do our job on reciprocal trade.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. I am afraid my good friend from Oregon represents an ambivalence in the mind of the American people when he says that he is for reciprocal trade. Nearly everyone gives verbal adherence to that doctrine now, but in practice we find a very large percentage using every practical means they can to stymie it. When we reach an extreme case, ambivalence becomes schizophrenia. I am not suggesting that the Senator from Oregon has progressed or degenerated to that point, but I do say

that he is ambivalent. He reminds me of the character in Stephen Leacock's short story, who mounted his horse and rode off in all directions. On the one hand, he is for reciprocal trade. On the other hand, he is for putting shackles on reciprocal trade. As Mr. Dooley once described Theodore Roosevelt as saying, "On the one hand I am for smashing the trusts. On the other hand, not so fast."

Mr. MORSE. Let me say to my friend from Illinois that I have not been deluded, as I respectfully say his argument shows he is, by executive power. There is no great virtue in executive power. Unchecked power exercised by the executive is a tremendous danger to free government in this country today; and the Senator from Illinois, as a great liberal—he is a great liberal—should remember that he, like the Senator from Oregon, is entitled to his fair share of mistakes. On this question I think the Senator from Illinois is making one of his bad ones.

Mr. DOUGLAS. I have made mistakes before. It is quite possible that I may make mistakes in the future.

Mr. MORSE. So have I made mistakes. But I do not think I make a mistake when I hold firm to the principle that the Congress of the United States should not relinquish its powers. I cannot erase from the Constitution article I, section 8.

Let me mention something else the Senator from Illinois is overlooking in the third period. First, we had the period before the Tariff Commission, then the period of the Tariff Commission without the reciprocal trade program, and now we have a reciprocal trade agreements statute on the books. We are seeking only some amendments to it. This statute really gives the stamp of approval to the ideal of a reciprocal trade program.

Mr. DOUGLAS. A platonic ideal, in effect, without any relationship to reality.

Mr. MORSE. The people are for it; but the people have already had some sad experiences under it. They have seen how reciprocal trade has been used to the great disadvantage of our country in certain instances.

Mr. DOUGLAS. In what instances?

Mr. MORSE. In connection with agriculture. Today American agriculture has already suffered in some segments from a reciprocal trade program. This afternoon, before I finish, I shall offer amendments to seek to give greater protection to certain segments of American agriculture.

Mr. DOUGLAS. American agriculture, so far as wheat, cotton, tobacco, and rice are concerned, needs an export market; and we cannot get an export market for those products unless we take imports, under some reciprocal trade arrangement.

Mr. MORSE. I do not know why we must economically erode some farms in order to build up others. What we are doing is supporting a program of economic erosion for some segments of agriculture, on the theory that it might help some other segments of agriculture.

Mr. DOUGLAS. Again I say to my good friend that I supported the Kennedy-Humphrey amendment. I am sorry that only four hands were raised in the Senate when a request was made for a ye-a-and-nay vote on it. I would have welcomed the opportunity to record my vote on it, because it provided that those injured by low tariffs could be compensated. I believe that is a social cost. However, we should not allow an incidental social cost to blind us to the general benefits.

Mr. MORSE. When I can agree with the Senator from Illinois I am happy to do so. I would have been glad to raise my hand in support of a request for the yeas and nays on the Humphrey amendment if it had not been for the fact that I was testifying before a committee at the time in support of a bill.

I wish to come back to the particular point of difference between the Senator from Illinois and myself. I listened to him point out his arguments in language which caused me to form the conclusion that he seems to think that the Congress of the United States is really the enemy of the public interest when it comes to the matter of fixing duties, and that the people cannot look to the Congress to protect their interest. That I wish to deny with all the emphasis of which I am capable, because I think the Senator from Illinois does a great injustice to the Congress when he takes such a position, and I think he casts an unwarranted reflection on the intelligence of the American people.

The American people trust us, under article I, section 8 of the Constitution, and we have a duty to carry out that delegated authority. In my judgment, we cannot escape the conclusion that under the proposal which the Senator from Illinois is supporting, without a check on the President, we would be delegating to him a function which the Congress ought to exercise in cooperation with him, under article I, section 8 of the Constitution.

That is my position on this question, and on my amendment. I wish the Senator from Illinois would give some attention to the wording of the amendment. Under the terms of the amendment not a single reciprocal trade negotiation at Geneva would be stopped. The representatives of the various nations could go ahead and negotiate. When they were through negotiating our representatives would have to make it clear, as the Canadian and British representatives must make clear, that they do not act with finality, but that they must come back, under our Constitution, and subject the proposed agreement to constitutional processes.

In my judgment, article I, section 8 of the Constitution is a clear mandate upon the Congress of the United States not to delegate to the President, either in his executive capacity or in a special capacity as an administrative officer of the Congress of the United States, the power to settle a trade agreement in Geneva with finality.

Let me say to the Senator from Illinois that I am satisfied that with the

kind of check I am suggesting no tariffs would be written on the floor of the Senate. I am satisfied that with the check I am suggesting there would be no difference in the processes of negotiating trade agreements at Geneva. The difference would be that the President of the United States would let us in on the act. The President of the United States would tell us what the agreement was about. The President of the United States would have to inform us as to the terms of the agreement, and we would have 90 days within which to take a look at it. If we thought the President had done a good job through his emissaries at Geneva, we would do nothing, and the agreement would automatically become law at the end of 90 days.

What is wrong with a waiting period of 90 days? Why must the agreement be final in Geneva when the signatures are signed to the agreement? Why not wait for 90 days? Does the Senator from Illinois think for a moment that it is not true that the procedure we have worked out under the reciprocal trade program places the presumption in favor of the President when he negotiates an agreement? Under the terms of my amendment such presumption would remain just as strong. I think a clear case would have to be made in either branch of the Congress to show that the President should be overruled in connection with a particular trade agreement. Prediction is always risky, of course, but I am willing to venture the conjecture that if my amendment were adopted, the Senator from Illinois would find very few trade agreements changed or rejected by the Congress.

Let me tell the Senator from Illinois what I think would be the situation. I believe that my amendment would serve clear notice on our negotiators that they had better see to it that they negotiate a real reciprocal agreement, and that they do not do irreparable damage to some segment of American industry. I think the taxpayers of the country are entitled to such protection from our representatives at Geneva.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I shall be glad to yield in just a moment.

I think it is a very good thing to teach the totalitarian governments in Europe this kind of checking system in a democracy. We should teach them that the President of the United States really does not sit in the White House as an economic dictator, which I say most respectfully the Senator from Illinois would make him out to be, if we do not put a check on the President as well as on the Senator from Illinois.

I now yield to the Senator from Illinois.

Mr. DOUGLAS. I hope the Senator from Oregon will not place too painful a check on me.

Mr. MORSE. Oh, no. It will be a check of love and affection.

Mr. DOUGLAS. Let me ask the Senator from Oregon if he is acquainted with the writings of Jonathan Swift?

Mr. MORSE. I am not a student of them, as is the Senator from Illinois, but I have spent many hours reading them.

Mr. DOUGLAS. Has the Senator read Gulliver's Travels?

Mr. MORSE. Oh, yes.

Mr. DOUGLAS. Does the Senator remember Gulliver's voyage to the country of Lilliput, the land of the pygmies? Gulliver fell asleep and woke up to find that the pygmies had bound him with little threads, each of which was minute, but, taken in their totality, they prevented him from moving.

Now, the Senator from Oregon may not be a pygmy. I do not think he is, but he is playing the part of a Lilliputian in trying to bind the Gulliver of freer trade with restriction after restriction after restriction, to prevent a reduction in tariffs. If the Senator from Oregon has not read Gulliver recently, I would suggest that he read it tonight before he goes to bed. If he does so he will see how accurately it describes his conduct and behavior.

Mr. MORSE. I may say to my friend from Illinois that his kind of argument, based on analogy, always has the delightful feature that it may be turned back on him. It is the American people who are being bound in this matter by the kind of giant power the Senator from Illinois wants to give to the President of the United States. It is not a pygmy power, but a giant power.

Mr. DOUGLAS. In other words, the Senator from Oregon is saying that I am taking a voyage in Brobdignag, the land of the giants, instead of in Lilliput.

Mr. MORSE. I am saying that the Senator from Illinois is seeking to give the President of the United States an arbitrary and capricious power I do not believe the Senate should relinquish to him. The Senator would give the President unchecked power. I would check the President's power.

Mr. DOUGLAS. We already have the peril point and escape clause provisions.

Mr. MORSE. I have voted for those provisions. However, as I have stated in years gone by, the record will show that they are ineffective checks. The real check is the kind of check that I am proposing this afternoon, or the even stronger check which the Senator from Wyoming [Mr. O'MAHONEY] proposed. I believe mine is the weaker of the two checks. However, I believe it is adequate. We should have a waiting period of 90 days, while Congress is in session, so that we may take a look at an agreement. Then if there is cause to ask for a change, we should proceed to debate it. If one House of Congress says to the President, "We do not think this is in the public interest," he has no final say with regard to that agreement, and he must try again.

Mr. President, I have made my major point on this particular amendment. I said that I did not intend to talk at great length on the amendment. I am glad that I was able to engage in the interesting colloquy with the Senator from Illinois, because as a lawyer I always enjoy an argument with an economist. However, when it comes to asking economists for expert advice, I am almost a

little amused when economists set themselves up as constitutional lawyers, of a sort of sea captain type.

I respectfully say to the Senator from Illinois that as an economist he ought to spend some time reading the Constitution of the United States and the Supreme Court decisions that interpret it, instead of Gulliver's Travels. If he did that, he would have a better understanding of article I, section 8, than he has demonstrated today on the floor of the Senate. If he did so, he would know that we cannot delegate, under the Constitution, legislative powers, and he ought to join with me in insisting that we check the President of the United States and work out reciprocal trade agreements cooperatively with the President of the United States.

In closing I wish to say I am proud again to join with the Senator from Wyoming [Mr. O'MAHONEY] in the brilliant constitutional argument he made this afternoon. It was a refresher course in constitutional law for the Senator from Illinois, who sorely needed it in this debate. I submit my amendment.

Mr. WILEY. Mr. President, will the Senator from Oregon yield for a question?

Mr. MORSE. I yield.

Mr. WILEY. First I wish to say that I listened with great profit to the discussion between those two lovebirds, the Senator from Oregon and the Senator from Illinois.

Do I understand that the Senator from Oregon claims that the legislation we contemplate here is unconstitutional if it is passed in the form in which it is now before the Senate?

Mr. MORSE. I say that I believe the legislation has the effect of delegating a legislative power. However, because the United States Supreme Court, in the close cases to which I have referred, held that if Congress so frames a law that it seems to be delegating an administrative power, the law probably will be sustained as a delegation of an administrative power.

However, we should not engage in a kind of intellectual sleight of hand. We should recognize what we are doing. What we are really doing is passing to the President of the United States, to all intents and purposes, the power of finality over the matter of fixing duties.

Mr. WILEY. We know that Secretary of State Hull entered into a great many agreements.

In *Field v. Clark*, decided in 1892, this type of legislation was sustained against the objection that it attempted an unconstitutional delegation "of both legislative and treaty-making powers."

I am reading from page 442 of the Constitution of the United States of America, Annotated, with the printing of which I have had something to do.

My second question is—

Mr. MORSE. Let us pause there for a moment. I am familiar with the decision the Senator has referred to.

There is nothing unconstitutional about a reciprocal trade-agreement program, provided we follow constitutional checks. In my judgment we ought to make doubly sure that we do not dele-

gate in effect any legislative power. We are delegating it in effect. I believe the people we represent have a right to expect us to exercise the duty of seeing to it that the President's agreements are reviewed by Congress.

Mr. WILEY. I understand that. The point I was making—and I want to make it clear—is that I understood the first point the Senator from Oregon has made is that it is unconstitutional because it is delegating legislative power.

Mr. MORSE. Oh, no.

Mr. WILEY. The Supreme Court held just the opposite. In a later case, *Altman & Co. v. the United States* (224 U. S. 583), decided 20 years later, a collateral question was passed upon.

I shall read further from the Constitution, Annotated:

This was whether an act of Congress which gave the Federal circuit courts of appeal jurisdiction of cases in which "the validity or construction of any treaty, * * * was drawn in question" embraced a case involving a trade agreement which had been made under the sanction of the Tariff Act of 1897. Said the Court: "While it may be true that this commercial agreement, made under authority of the Tariff Act of 1897, paragraph 3, was not a treaty possessing the dignity of one requiring ratification by the Senate of the United States, it was an international compact, negotiated between the representatives of two sovereign nations and made in the name and on behalf of the contracting countries, and dealing with important commercial relations between the two countries, and was proclaimed by the President.

If not technically a treaty requiring ratification, nevertheless it was a compact authorized by the Congress of the United States, negotiated and proclaimed under the authority of its President.

We think such a compact is a treaty under the Circuit Court of Appeals Act, and, where its construction is directly involved, as it is here, there is a right of review by direct appeal to this Court.

My second question—

Mr. MORSE. Let us pause on that question. The decision itself, as the Senator has pointed out, involves a transaction that was authorized by Congress.

Mr. WILEY. Surely, but—

Mr. MORSE. And on that basis reciprocal trade agreements are approved—

Mr. WILEY. Under the Tariff Act of that date.

Mr. MORSE. Within the policy of Congress. That was my thesis. If the Senator from Wisconsin had listened—and the RECORD will speak for itself tomorrow—I pointed out that the reciprocal trade agreement program has been sustained on that basis, namely, that the persons responsible for it are carrying out an administrative act, not a legislative act.

Then I pointed out to the Senate that what we are in effect doing, however—and I referred to it as a sort of sleight of hand—is transferring the tariff-making powers to the President of the United States.

I am willing to do that on an administrative basis, provided we place a check on the President. I am willing to do it if we recognize that he is doing it as an administrative officer of Congress, not as

President of the United States acting under article II of the Constitution.

I repeat that part of the argument. When the President enters into reciprocal trade agreements, as far as these trade agreements are concerned, he is really functioning as an administrative officer of Congress, not as the Chief Executive, with powers under article II.

Mr. WILEY. If the Senator will yield further, I think it was on that latter point that I felt I had noticed something I had not noticed before. It related to the advisability, not the legality, of putting into operation that check. That is the very point the Senator from Oregon has made which I believe bears looking into, in view of the fact that in this decision the Supreme Court has definitely found that it is correct and legal for the legislative branch to delegate, under the tariff laws, the power that is now included in the present bill.

Mr. MORSE. Oh no, no. No Supreme Court decision has held anything like that. There is no Supreme Court decision on the present bill. The Supreme Court has not passed on the present bill. What the Senator is doing is arguing, by way of analogy, that the terms of the acts are the same.

I am too good a lawyer to accept that kind of citation of precedent. When we call on the President of the United States under article I, section 8, of the Constitution, to carry out an administrative function, I raise the question whether, in effect, we are not, in the name of giving him an administrative function, giving him the power to go further than that. I would put a check on him. That is all I am asking.

Mr. WILEY. I understand the Senator, but I think he could be mistaken about it, when there is in this volume which was prepared by a distinguished lawyer, this language:

In *Field v. Clark* this type of legislation was sustained against the objection that it attempted an unconstitutional delegation of both legislative and treaty-making powers.

That is the point I have in mind.

Mr. MORSE. It delegated administrative power. It was, therefore, constitutional. I referred to those cases. There are many in addition to the Clark case. But unless the Court can find there has been a delegation of administrative power, it would be unconstitutional. Let me point out to the Senator that we cannot find the answer by hiding behind this facade of administrative function when we know that what is happening is that the President of the United States is writing tariffs.

Mr. WILEY. Does the present bill contemplate delegating legislative power?

Mr. MORSE. I think it will get by the Supreme Court.

Mr. WILEY. Please answer the question, yes or no.

Mr. MORSE. Do not interrupt me until I am through. I think the Supreme Court would sustain the present bill on the same ground on which it sustained the Clark case when it found an administrative function. How does that relieve the Senator of his responsibility to protect the people of Wisconsin

in regard to their tariff rights? I do not think we should exercise that kind of a function in the Senate of the United States. I think we should be fighting for the application of the check which the Senator so eloquently talks about regarding our glorious system of checks and balances under the Constitution. Here is a chance for the Senator from Wisconsin to put his nice-sounding speeches into effect by voting for my amendment.

Mr. WILEY. I thank the Senator for his "plug." Is not the whole argument, based upon what he has stated, the advisability of putting into effect what he calls a check-and-balance system; and is it not also true that others have the right to contemplate and think whether or not that check-and-balance system would not put us out of business? Have we not a perfect check and balance when any agreement which has been entered into could be abrogated by a joint resolution at any time, by the joint action of the two Houses? That is my question.

Mr. MORSE. It is a very interesting question, because the Senator from Wisconsin knows the answer to it. He knows that the joint resolution procedure is not going to be resorted to by the Congress. If we give the President the power we are giving him in this bill and do not provide for the check procedure, no check is going to be exercised against him by a joint resolution. We do not know the terms of a great many of the reciprocal trade agreements which have already been entered into.

I wish to say to the Senator that he will find me fighting shoulder to shoulder with him in opposition to the Bricker amendment when it comes before the Senate. But what the Senator is saying now is helping to make votes for the Bricker amendment. I wish to make it necessary for the President of the United States to notify us as to what is in the agreements negotiated at Geneva. The farmers in my State, the cherry growers, the apple growers, the pear growers, do not like some of the provisions in this bill, because we do not have a check. The President has not notified us as to what is in the agreements. That kind of a check should be put in so that we may know what the President is doing.

What the Senator from Wisconsin and the Senator from Illinois are arguing for is a strengthening of Government by secrecy. There is no substitute for public disclosures on these matters. The American people are entitled to know the contents of these agreements.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. The Senator has let the pear, the peach, the apricot, the filbert, and the walnut out of the basket, and I think they loom larger in the Senator's mind than does the constitutional argument. He is making an argument for the walnuts, the apricots, the peaches, and the other products over which I have heard him weep. I have never heard him talk about the soft lambs in this body—

Mr. MORSE. We won that case.

Mr. DOUGLAS. One could almost hear the bleating of the ewes as the Senator spoke of the soft lambs. Is he now going to desert the soft lambs?

Mr. MORSE. I am very glad to have now what I think is the final non sequitur from the Senator from Illinois in his argument, because he is saying that different segments of our economy which have been done irreparable damage by unwise agreement at Geneva are not entitled to a constitutional check upon the President of the United States. Apparently he believes the President should be allowed to go ahead in secrecy, and not let us in on the act to prevent a wrong from being done.

We won the case on soft lambs. It did not involve reciprocal trade. It involved a bad Agriculture Department policy. We won it on the domestic front.

We have no right to accept the Senator's major thesis that in order to prevent injustice being done to the farmers of my State we should give the President of the United States greater powers to operate in secrecy. Whenever a reciprocal trade agreement comes before us the Senator will find me fighting for it, even though it may do some minor damage to some segment of the economy in my State.

Mr. DOUGLAS. Peaches, apples, walnuts, apricots, and cherries?

Mr. MORSE. On the basis of a fair reciprocal trade agreement dealing with apricots and cherries I shall go along, but not with many hundreds of acres of trees being uprooted in the past several years without a single dollar of compensation to the farmers who have lost those orchards.

What is wrong with protecting segments of our economy from a confiscation policy of the President of the United States which the great liberal from Illinois is defending on the floor of the Senate this afternoon? I am going to check him. We may win this fight next year or the year after. We shall win it once the American people come to understand the unsoundness of the position which the Senator from Illinois, the Senator from Wisconsin, and the Senator from Colorado have taken on the floor of the Senate today.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Four minutes remain.

Mr. DOUGLAS. Mr. President, on this amendment I ask for the yeas and nays. I think the Senator from Oregon is entitled to the yeas and nays.

Mr. MORSE. I join in that request.

The yeas and nays were not ordered.

Mr. MORSE. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the acting majority leader wish to use all his remaining time?

Mr. CLEMENTS. Mr. President, I yield back such time as has been unused.

The PRESIDING OFFICER. Does the Senator from Oregon wish to use his remaining time?

Mr. MORSE. I am desirous of developing a quorum, to see if a yeas-and-nays vote cannot be had on my amendment. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Flanders	McNamara
Allott	Frear	Millikin
Anderson	Fulbright	Monroney
Barkley	Goldwater	Morse
Barrett	Green	Mundt
Beall	Hayden	Neely
Bender	Hickenlooper	Neuberger
Bennett	Hill	O'Mahoney
Bible	Holland	Pastore
Bricker	Hruska	Payne
Bridges	Humphrey	Potter
Bush	Ives	Purcell
Butler	Jackson	Robertson
Byrd	Jenner	Russell
Capehart	Johnson, Tex.	Saltonstall
Carlson	Johnston, S. C.	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kerr	Smith, Maine
Clements	Kilgore	Smith, N. J.
Cotton	Knowland	Sparkman
Curtis	Langer	Stennis
Daniel	Lehman	Symington
Dirksen	Long	Thurmond
Douglas	Magnuson	Thye
Duff	Malone	Watkins
Dworshak	Martin, Iowa	Welker
Eastland	Martin, Pa.	Wiley
Ellender	McCarthy	Young
Ervin	McClellan	

The PRESIDING OFFICER. A quorum is present.

Mr. MORSE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Georgia [Mr. GEORGE], the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNING], and the Senators from Montana [Mr. MANSFIELD and Mr. MURRAY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate, because of illness.

I announce further that, if present and voting, the Senator from Georgia [Mr. GEORGE], the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNING], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Montana [Mr. MANSFIELD] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Delaware [Mr. WILLIAMS] is necessarily absent.

The Senator from California [Mr. KUCHEL] and the Senator from Kansas [Mr. SCHOEPP] are detained on official business. If present and voting the Senator from California [Mr. KUCHEL] would vote "nay."

The result was announced—yeas 13, nays 73, as follows:

YEAS—13

Dworshak	Langer	Russell
Jenner	Magnuson	Scott
Johnston, S. C.	Morse	Young
Kerr	Neely	
Kilgore	O'Mahoney	

NAYS—73

Alken	Bush	Dirksen
Allott	Butler	Douglas
Anderson	Byrd	Duff
Barkley	Capehart	Eastland
Barrett	Carlson	Ellender
Beall	Case, N. J.	Ervin
Bender	Case, S. Dak.	Flanders
Bennett	Clements	Frear
Bible	Cotton	Fulbright
Bricker	Curtis	Goldwater
Bridges	Daniel	Green

Hayden	Martin, Iowa
Hickenlooper	Martin, Pa.
Hill	McCarthy
Holland	McClellan
Hruska	McNamara
Humphrey	Millikin
Ives	Monroney
Jackson	Mundt
Johnson, Tex.	Neuberger
Kefauver	Pastore
Knowland	Payne
Lehman	Potter
Long	Purcell
Malone	Robertson

NOT VOTING—10

Chavez	Kennedy	Schoeppel
George	Kuchel	Williams
Gore	Mansfield	
Hennings	Murray	

So Mr. MORSE's amendment was rejected.

Mr. MORSE. Mr. President, I now call up my amendment identified as "E"; and I have a perfecting amendment which I should like to have the clerk incorporate in the amendment.

My perfecting amendment or modification is as follows:

On page 2, in line 3, strike out the words "either House of" and insert the word "the" before the word "Congress"; and in the same line, before the word "resolution" insert the word "concurrent."

In line 4, before the word "opinion," strike out "the" and insert "its"; and in the same line, after the word "opinion", strike out the words "of that House."

Mr. President, I send the corrected or modified amendment to the desk, and ask that the amendment, as it now stands, be read.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The amendment, as modified, will be stated.

The LEGISLATIVE CLERK. On page 13, between lines 15 and 16, it is proposed to insert the following new section:

SEC. —. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1364) is amended by adding "(1)" after "(c)" and by adding at the end thereof the following new paragraph:

"(2) In any case where the President makes a report, as provided in paragraph (1), he shall also transmit to the Senate and House of Representatives a message stating his reasons for not taking action on the recommendations of the Tariff Commission. The message shall be submitted to both Houses of Congress on the same day and to each House while it is in session. If, within 90 days of continuous session of the Congress following the receipt of such message, the Congress passes a concurrent resolution stating in substance that in its opinion the recommendations of the Tariff Commission should be carried out, then the President shall take action to carry out such recommendations. For the purposes of this paragraph—

"(A) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

"(B) in the computation of the 90-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain."

Mr. MORSE. Mr. President, I shall speak for only 2 or 3 minutes on the amendment.

I submit the amendment, and request its approval, for the same reasons I advanced in support of the previous amendment, namely, the importance of

providing a check upon the President of the United States, for I believe we should write into this law checks upon the President, rather than give him power to the degree of finality which otherwise we would give him over the fixing of duties.

So, Mr. President, I submit the amendment, and request its adoption. The amendment merely provides that after the Tariff Commission makes its report to the President, and after the President files his report with the Congress, it shall remain before the Congress for a period of 90 days, before becoming final; and during that period the Congress shall have the power, through concurrent resolution, to reject the position taken by the President.

Mr. President, we must keep in mind the fact that the Tariff Commission is our administrative child. We should review its findings. I do not believe we should accept as automatically as we would under the present procedure, the position or procedure of the President.

Mr. President, I yield back the remainder of the time available to me upon the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

Mr. JOHNSON of Texas. I yield back the time available to me on the amendment.

Mr. President, at this point I wish to announce that the senior Senator from Georgia [Mr. GEORGE] has requested me to state, and to have the RECORD show, that he is opposed to any individual amendments to the bill, and that he is in favor of the passage of the bill.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Oregon. [Putting the question.]

The yeas appear to have it; and the yeas have it, and the amendment, as modified, is rejected.

Mr. MORSE. Mr. President, I offer the amendment—my last one—which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 13, in line 10, after the word "articles", it is proposed to insert "or raw materials or other components of such products or articles, respectively; and evidence of serious injury or threat of serious injury to any readily determinable segment of such producing organizations shall, for the purposes of this act, be considered evidence of serious injury or threat of serious injury to the domestic industry producing like or directly competitive products or articles."

Mr. MORSE. Mr. President, in support of the amendment I wish to read a very brief statement:

On February 4 and March 11, I discussed the difficulties confronting fruit-growers in Oregon and in other parts of the Nation with respect to their efforts to be heard in Tariff Commission proceedings. Growers of cherries, grapes, mint, and comparable products find the doors of the Tariff Commission closed to them when they seek to be heard in escape-clause and peril-point proceedings under the Trade Agreements Extension Act of 1951. We have heard a

* CR 7.1192 at sec
p. 27072 sec

great deal about the peril-point and escape-clause proceedings, Mr. President, but the fact is that in actual administration they do not provide the relief that the Senator from Colorado [Mr. MILLIKIN] has sought in his arguments on this subject to lead the Senate to believe is afforded.

As the situation was described by a prominent member of the Cherry Growers Association, when he appeared before the Senate Finance Committee, earlier this year, we find the following to be the case:

The Tariff Commission in several escape-clause proceedings under section 7 of the present act, involving imports of finished products, has held that the term "domestic industry" as used in the act includes only the domestic manufacturers of the finished product involved, and does not include or cover growers, fishermen, or other producers of the raw material or components from which the finished product is prepared.

The sweet-cherry industry of the United States, comprising the growers, handlers, and first processors of the fresh fruit, specifically has been denied status under the present escape-clause provisions of the Trade Agreements Act. In 1952, in an escape-clause proceeding brought by glace-cherry manufacturers, the Tariff Commission majority ruled that the cherry growers and the briners who grow and prepare the cherries used by the domestic glace-cherry manufacturers are not a part of the domestic industry producing products like or directly competitive to imported glace cherries, and that, therefore, any injury which the imports might cause to the growers and briners would be immaterial in determining whether or not the domestic industry was injured.

That results, Mr. President, in unfair discrimination against the farmers who are engaged in these particular fields of agricultural production.

These people—most of them farmers or individuals in the so-called small business category—are entitled to their day in court before the Tariff Commission. If they are not permitted to be heard, and to be heard in the very near future, the fruit growers and businessmen in many nonagricultural groups, such as fishermen and miners, will be faced with a restrictive interpretation in these cases as an accomplished fact.

The amendment I am offering today will, if enacted, accomplish two worthwhile results:

First. It will give these important segments of our agricultural and industrial economy the standing which they need so that they may be heard and have their claims for relief considered by the Tariff Commission.

Second. It will clear up any possible question of their right to be heard by the Commission because it states specifically that evidence of serious injury or threat of injury to the segment of an industry shall be considered evidence of serious injury or threat of serious injury to the industry itself.

I recognize that the committee amendment gives to these segments of our economy standing, if the particular article which they produce is involved. But it is important that they, as producers of the raw materials, have standing before the Commission when the article under investigation is the finished

produce processed from such raw materials.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. THYE. Would such a producing group or individual producer be permitted to present arguments before the Department of Agriculture, the Department, in turn, to represent such group or individual before the Tariff Commission? I think the Senator has raised a pertinent question.

Mr. MORSE. The processors and producers with whom I have talked tell me that they get no assistance from the Agriculture Department, and that the only way they know, from sad experience, that they can be protected is to have their day in court, before the Tariff Commission itself.

All I am asking for is a fair procedure. The Senator from Minnesota, as a result of his service with me in the Senate, knows what a stickler I am for fair procedure, which guarantees to Americans their day in court. All I am asking is that these farmer groups and small processors, small-business men, be allowed to present their case before the Tariff Commission, and not have the very narrow interpretation of the present law operate against them, as has been the case in the past.

Mr. THYE. Mr. President, if the Senator will further yield, the question I asked the distinguished chairman of the committee, the Senator from Virginia [Mr. BYRD] when he had completed the explanation and presentation of the bill to the Senate, was whether provision had been made for the proper presentation of a cause before the Tariff Commission. He stated emphatically that the procedure had been simplified. He stated that the President could impose quotas, and that the situation with respect to the delay which had been experienced under the previous administration of the Reciprocal Trade Act had been greatly improved by the terms of the pending bill.

When I heard the Senator from Oregon, who is a distinguished lawyer, present the argument in behalf of the producer, I recognized that a serious and very important question was involved. I realized that if the cherrygrower, the applegrower, or any other type of individual grower, or growers as a group, did not have the opportunity to plead their case, the situation was serious from the standpoint of possible injury because of undue importations. I am very desirous of having the question thoroughly explored.

Mr. MORSE. I assure the Senator from Minnesota that the producers and growers are completely dissatisfied with the so-called improvements of the bill, because there is nothing in the bill as it stands at present which gives them, beyond any doubt, the right to go before the Tariff Commission and present their case. We should not require them to go through any agency of the Government. They ought to have their own day in court, and I think it is most unfair not to provide that day in court by way of procedure under the bill.

In closing, Mr. President, our Government cannot stand by idly and watch any segment of our agricultural or domestic economy drift into economic shoals without ever having given them an opportunity to present their cases to the Government at the Tariff Commission level. In too many instances they are denied the opportunity to make the case they would like to make and their relationships to the rest of our economy are so important that they have the right to be heard by an appropriate Government agency on facts that may relate to their survival.

That is all they are asking for, under my amendment. They are asking to be heard before the body which must make the first recommendation. They are asking the opportunity to be cross-examined by that body on the basis of the evidence they present. As a lawyer and a constitutional liberal I cannot bring myself to vote against a proposal on their part which seeks to give them what this amendment seeks to give them, namely, their day before the Tariff Commission. Therefore I urge serious consideration of this amendment, which affects so many farmers and small-business men across the length and breadth of our Nation.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MAGNUSON. I presented such an amendment to the committee, and the committee attempted to reach the objective stated by the Senator from Oregon, but apparently the language is somewhat unfortunate. I had intended to ask the Senator from Virginia [Mr. BYRD] a series of questions which would probably clear up the legislative intent and interpret the word "growing" in the bill. Of course, the amendment of the Senator from Oregon would clear up the question entirely. I was hoping that we might save time if the Senator from Virginia would take the amendment to conference and clear it up, because it is my understanding that the committee fully intended to do exactly what has been suggested.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. JOHNSON of Texas. On the basis of advice from the staff, I think I am prepared to answer the question of the Senator from Washington.

Mr. MORSE. Mr. President, let me interrupt long enough to say to the Senator from Washington that I shall be delighted to have him join as a cosponsor of my amendment. I did not know that the Senator from Washington had offered such an amendment in the committee. I should be delighted to have the Senator's name added to my amendment as a cosponsor, if he cares to have the RECORD so show.

Mr. MAGNUSON. I appreciate the statement of the Senator.

The difficulty stems from the fact that in a case involving the cherry growers, the cherry growers found themselves out of court. They had no opportunity to get into court.

Mr. MORSE. Some other growers are also involved.

Mr. MAGNUSON. Some other growers are also involved. The committee attempted to correct the situation, but I think possibly there might be some misinterpretation of the language. I think the better way would be for the committee to take this amendment to conference and draft language consistent with the intent of the committee.

Mr. JOHNSON of Texas. Mr. President, if the Senator from Washington cares to have his question answered, I am prepared to answer it.

Mr. MAGNUSON. I appreciate that. I did not know that the Senator from Texas was prepared to speak for the Senator from Virginia.

The amendment was prompted by the fact that the cherry growers found themselves out of court in a case involving their interest. As the Senator from Oregon points out, many other growers are involved. Approximately 50 percent of the cherry crop goes into glazed cherries or other processed cherries. In 1952 the growers appeared before the Tariff Commission, and the Tariff Commission took a restricted view of what constituted domestic industry. In effect, it ruled the growers out of court. This difficulty involves many other growers.

Mr. MORSE. Another example of such a processed product is apple candy.

Mr. MAGNUSON. Yes. The amendment was designed to give the growers their day in court, by making the definition of a domestic industry include producers of a raw product which is processed into a like or directly competitive product.

I read subsection (e) of section 6, on page 13 of the bill:

(e) As used in this act, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. Where a particular business enterprise is engaged in operations involving more than 1 industry, or more than 1 readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury.

In other words, reading subsection (e) in its entirety, I have the impression that, under the committee's new language, the cherry growers, for example, could have their day in court, because 50 percent of their product goes into glazed cherries, or other processed cherries. Excessive imports would be injurious to such growers.

I ask the Senator from Texas whether or not my understanding of the language is correct.

Mr. JOHNSON of Texas. I have been informed by counsel on the floor that the Senator from Virginia [Mr. BYRD] had carefully considered the statement made by the Senator from Washington, and if the Senator from Virginia were present on the floor, he would answer the question of the Senator from Washington in the affirmative,

namely, that his statement is correct. The answer is "Yes."

Mr. MAGNUSON. That would clear up what the Senator from Oregon has discussed, because it involves many other problems.

Mr. MORSE. I respectfully say that I do not believe it clears it up. When we are dealing with a procedural program, the only way in which it can be cleared up is by writing the procedural guaranty into the legislation. That is exactly what my amendment would do. I see no reason why the committee should not accept the amendment and take it to conference. In conference the amendment can be considered. The committee on conference may be able to treat it in their conference report, and to write language which would make it more certain that any discussion on the floor could make it.

Mr. MAGNUSON. I should like to have not only the discussion, which fortifies the amendment, but also the amendment. However, in lieu thereof, I do hope that the discussion on the floor will be helpful. I should like to associate myself with the amendment offered by the Senator from Oregon, because it involves a very serious situation in the Pacific Northwest, and in all fruit-growing areas of the United States.

Mr. MORSE. May I have the attention of the Senator from Texas? I am trying to live up to our gentleman's understanding that I would present my case as briefly as I can, consistent with the rights of the people involved. Do I understand the Senator from Texas is not in a position to take the amendment to conference? As I interpret the feeling of the Senate this evening, it seems to be that this matter ought to be cleared up. If the subject is taken to conference, and the conferees find that the position I take bears up, as I am sure it will bear up, then the conferees can bring it out of conference.

Mr. MILLIKIN rose.

Mr. JOHNSON of Texas. Mr. President, if the Senator will yield, I should like to say that we will take the amendment to conference.

Mr. MORSE. I thank the Senator from Colorado very much. [Laughter.]

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MAGNUSON. I think it would have been all right the other way. I looked at it quite thoroughly today, but it is definitely clear now. I am sure that was the intention of the committee when the amendment was presented to the committee. I am sure the committee will prevail in conference, and the whole matter will be cleared up.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. NEUBERGER. I wish to thank my distinguished colleague for bringing this subject before the Senate. I attended some of the conferences—

Mr. MORSE. And my colleague was very helpful in those conferences.

Mr. NEUBERGER. It was agreed that our fruit growers as primary processors had been grievously discriminated

against—compared with other primary processors—in their ability to present their case to the Tariff Commission. For that reason I wish to associate myself with the views expressed so ably by my distinguished senior colleague.

Mr. MORSE. I do sincerely thank the Senator from Texas for his cooperation on this matter and also the cooperation he has extended to me all afternoon as we have proceeded with the discussion of this amendment.

Mr. JOHNSON of Texas. I reciprocate the Senator's sentiments.

Mr. HOLLAND. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I yield.

Mr. HOLLAND. Apropos the question affecting agricultural products that has been raised by the Senator from Oregon, I should like to ask whether section 22 of the Agricultural Adjustment Act, as amended, remains in the extension of the Reciprocal Trade Agreements Act in case the pending bill is passed. Does section 22 remain in the Agricultural Adjustment Act?

Mr. JOHNSON of Texas. I understand that section 22 is contained in the Agricultural Adjustment Act. We are not doing anything to repeal section 22 of that act, as I understand.

Mr. HOLLAND. Regardless of where the section may be found, I should like to be sure that section 22 is left unimpaired.

Mr. JOHNSON of Texas. I so understand.

Mr. HOLLAND. I thank the distinguished majority leader. Does section 8 (a) of the last extension of the Reciprocal Trade Act remain in the act in case it is extended today? That section applies to perishable agricultural commodities, and applies a quick and peremptory course of action for the relief of perishable agricultural commodities which are threatened by foreign imports, in certain cases.

Mr. JOHNSON of Texas. I am informed by the staff—I do not have the exact information to supply to the Senator from Florida, because the chairman of the committee is at dinner—that the answer is no; it does not.

Mr. HOLLAND. Section 8 (a) is not left in the act?

Mr. JOHNSON of Texas. It is not. The staff informs me that it was amended to meet a temporary situation, and that section 8 (a) is still the law.

Mr. HOLLAND. Then the answer of the distinguished Senator from Texas is that section 8 (a) is still in the law. Is that correct?

Mr. JOHNSON of Texas. If that is the question the Senator is asking; yes.

Mr. HOLLAND. I am asking that question.

Mr. JOHNSON of Texas. Yes.

Mr. HOLLAND. I thank the distinguished Senator from Texas.

The chairman of the committee has returned to the Chamber. I should like to ask him whether section 8 (a) of the Reciprocal Trade Agreements Act, as extended, remains in the law if the pending measure is passed.

Mr. BYRD. I am informed by the staff that that is correct.

Mr. HOLLAND. I thank both distinguished Senators.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Oregon is agreed to.

Mr. DOUGLAS. Mr. President, I call up my amendment 5-3-55-J.

The PRESIDING OFFICER. The Secretary will state the amendment of the Senator from Illinois.

The LEGISLATIVE CLERK. On page 12, beginning with line 9, it is proposed to strike out all down to and including line 15, page 13, as follows:

SEC. 5. The last sentence of subsection (a) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (a)), is amended to read as follows: "The Tariff Commission shall immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and shall cause a summary thereof to be published in the FEDERAL REGISTER."

SEC. 6. (a) Subsection (b) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (b)), is amended by adding at the end thereof the following: "Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry."

(b) Section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is amended by adding at the end thereof the following new subsection:

"(e) As used in this act, the terms 'domestic industry producing like or directly competitive products' and 'domestic industry producing like or directly competitive articles' means that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. Where a particular business enterprise is engaged in operations involving more than 1 industry, or more than 1 readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury."

Mr. DOUGLAS. Mr. President, the discussion on the reciprocal trade bill in the Senate pretty clearly indicates that the controversy over the tariff has taken a new phase.

For almost a century the struggle was whether we should have a protective tariff or a low tariff; whether the aim should be to protect American industry at whatever cost, or whether we should try to expand trade and gain the attendant advantages.

The proponents on each side were frank and open in their position. Henry Clay did not disguise the fact that he stood for protection. The great Democratic leaders of the century, John C. Calhoun, of South Carolina; Robert J. Walker, of Mississippi; Oscar Underwood, of Alabama; Cordell Hull, of Tennessee; and, yes, a little known Representative from my State who did heroic service, William R. Morrison, frankly argued for freer trade.

The issues were out in the open.

Senator Aldrich, Senator Smoot, Representative Fordney, Senator McCumber, Senator Grundy, and Representative Hawley were advocates of protection.

The issues met head on. A choice had to be made.

Now we seem to be in a period in which everyone gives lip service to the cause of reciprocal trade, but many, by clauses and reservations and amendments, seek in effect to prevent freer trade from coming into effect.

That is the extraordinary situation which we have in the Senate.

I must confess that I thought we were, in a sense, in an Alice-in-Wonderland world when my good friend, the brilliant senior Senator from Colorado [Mr. MILLIKIN] made his eloquent defense of reciprocal trade. That, indeed, seemed to me to be an extraordinary occurrence.

What is the point of this, Mr. President? Verbal adherence is given to the idea of reciprocal trade. The President says he believes in it. The Secretary of the Treasury, who succeeded Mark A. Hanna in his company, says he believes in it. The leaders of the Republican Party now say they believe in it. It is really quite extraordinary, Mr. President. But it is also interesting that at the same time some of them actively propose restrictions which, in practice, would tend to prevent freer trade from actually occurring.

We should not exaggerate the importance of this bill. To my mind, the General Agreement on Tariffs and Trade is far more important than is this bill; and I almost feel the Senator from Colorado whetting his mighty broad ax as he gets ready to plunge it into the skull of GATT.

Mr. President, there is also the question of the extraordinary complications which now surround the tariff, the interminable delays in finding out what the tariff is going to be, the multiplication of redtape which discourages importers and strangles trade. All this is in the background. To my mind, a simplification of customs procedures which would permit classification of duties and articles into a few simple categories with given percentages and which would prescribe on what basis of value the tariff should be computed, would do far more for the cause of freer trade than does the bill presently before the Senate.

But this administration, Mr. President, has not prepared such a bill; or if it has prepared such a bill, it has not submitted it. So I find myself bemused at the situation which we face. The real issue is kept in the background, but a great verbal show is made that we are carrying forward a program of reducing tariffs and expanding trade so that this administration can go before the people and say, "Yes, we believe in freer trade." And the Madison Avenue boys can scatter their propaganda and advertise it over the country. But it is all froth and little substance.

Mr. President, that is the real practical situation, and those of us who have any insight into what is happening know that is so.

Mr. President, in my colloquy with my good friend, the Senator from Oregon

[Mr. MORSE], I referred to the fact that many members of the public and of the Congress, with the best intentions in the world, are both for reciprocal trade and against it, at the same time. They are for it as a verbal matter, but when it touches cherries or soft lambs or walnuts or apricots or fish or wool or cheese or gingham or chemicals or bicycles, to mention an industry in my own State, they employ every means to prevent reciprocal trade from being effective. I think our good friends who take this position are honest, but as I said, they suffer from what the highbrows call ambivalence, which is to say that they are on both sides of the question at the same time. They like to run with the hounds and also be chased as a hare at the same time.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. The Senator has pointed out that they are for reciprocal trade, but they want a special exemption for bicycles. They would also like special protection for walnuts. There is really no conflict, because the reciprocity is between the bicycle man and the walnut man. One says, "You help me maintain my bowl of cherries for the evening, and I will help you obtain a sack of walnuts for the weekend." That is the reciprocity to which the Senator from Illinois refers.

I wish to associate myself with him in his reference to the alacrity with which the administration leaders speak up for reciprocal trade. They have had a conversion which makes me wonder whether the last principles and traditions of the Republican Party have been frittered away. There was a day when good, solid men stood here and advocated protection for infant industries, even though those infants had grown slightly out of their breeches. They are still for infant industry, breeches or no breeches, but they do not want to see anything really happen which would destroy the wonderful illusion they present in theory.

Mr. DOUGLAS. The Senator is completely correct.

Mr. MAGNUSON. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. MAGNUSON. This is all very amusing, but I do not like to have cherries brought into the discussion as a diversion. The Senator from Oregon and I were merely trying to allow those who grow cherries to be able to appear in court like representatives of any other industry. We do not know whether there will be any tariff. I am sure the Senator from Illinois has always advocated that everyone should have his day in court. The Senator can discuss bicycles, cheese, and all the other items he desires, but please leave out cherries. The cherry growers are merely trying to get their day in court.

Mr. DOUGLAS. Would the Senator mind if I mention lead, zinc, coal, oil, wool, and sugar?

Mr. MAGNUSON. Now we are getting down to the meat of the tree nuts.

Mr. DOUGLAS. Mr. President, we have gotten into a position where many pretend to be for reciprocal trade but are

really not willing to carry it through to its logical conclusion. This is what I term ambivalence, being both for a proposition and against it at the same time, being both "yes" and "no." The psychiatrists have a word for the most pronounced cases of ambivalence, namely, schizophrenia, or split personality, one part of the personality going off in one direction and the other part of the personality going off in another direction. These are the most advanced cases of inconsistency, and they are not wholly absent from the discussion of this subject.

Mr. President, I think we should get down to fundamentals. Due to the Republicans we have bound reciprocal trade around with so many restrictions that it has been crippled in the past few years. Since the peril point and the escape clauses became a part of the law, no new agreements have been really negotiated.

Instead of removing these restrictions, instead of making it more possible to have broader trade, the committee has fastened still further restrictions into the bill; and it is these further restrictions in connection with the escape clause which I am trying to remove.

My amendment would strike out three further restrictions upon the escape clause which the committee has added to the bill. It would strike out section 5, on page 12, which directs not only that the Tariff Commission shall report to the President, but also shall make public its findings and recommendations, and print them. The amendment also would strike out section 6 (a), which contains some extremely interesting language. One can read it over and over again, compare it with the existing language, and still wonder what it means.

But I think I know what it means. It means that whereas now one can get a duty reduction removed if he proves that the reduction has directly injured his industry, in the future it can be removed if the injury is either actual or relative. Notice this language: "whether it has contributed materially to the serious injury or to the threat of serious injury to such industry."

Note the words "contributed materially." It does not have to be the primary cause; it does not have to be the predominant cause, of any injury; it simply has to be a material cause, a partial cause; and it may be only a threatened injury.

Under this provision, once the President has negotiated an agreement, and even once it is in effect, every industry in the country can run to the Tariff Commission.

My amendment would also strike out subsection (e), on page 13, which provides that it is not necessary to prove a contribution to a material injury or a threat of injury to an industry as a whole. There need be injury or threatened to only a minute part of the product of an industry, and an exemption can be claimed on that ground as well. The industry as a whole can prosper; but if there is one minute section of the industry which is hurt, then that industry can go to the Tariff Commission, the

Tariff Commission can make its findings—and it has to publish its findings—and the heat can be turned on the President.

I do not wish to repeat an analogy I used before in a discussion with the Senator from Oregon [Mr. MORSE]; but this situation is very similar to what happened to Gulliver, when he strayed into the country of Lilliput and found himself bound by a large number of small threads, each of which was individually weak, but which collectively bound him hand and foot.

Now the enemies of reciprocal trade, instead of opposing reciprocal trade openly, have put the threads around the principle of freer trade, to make it impossible to function or, perhaps I should say, to make it difficult to function.

Then there is the club over GATT; and there is also retained the extraordinary complexity of our customs procedure. So the principle of freer trade is in the prisonhouse, and it will be very difficult to get it out.

But the administration has its slogan. It has the title to H. R. 1. Its high-powered advertising men can go forth over the country and say, "See, we have brought you freer trade." They can get advertising; the protectionists can get protection; everybody will be happy; and Congress will vote for the bill. We will go through this pious performance as though something great and fundamental had been effected.

The amendment I propose aims to strike out the three added restrictions. It would return the bill to the form, insofar as these provisions are concerned in which it passed the House. It would return the bill to the form in which the Speaker of the House, SAM RAYBURN, and the very able Representative from Tennessee, JERE COOPER, steered it through the House.

Mr. President, instead of adding to the difficulties, let us go back to the House version of the bill.

I now yield 15 minutes to the distinguished senior Senator from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Mr. President, I wish to speak in support of the amendment offered by the distinguished Senator from Illinois [Mr. DOUGLAS].

No proposed legislation that comes before Congress at this session can command greater priority than H. R. 1. Extension of the Trade Agreements Act in itself would be legislation of considerable importance. For this legislation initiated in 1934 by my distinguished fellow Tennessean, the Honorable Cordell Hull, has served us well. In its original conception the trade agreement system was designed to assist in sweeping away the cobwebs of trade restrictions that had grown up as a result of the great depression. Judge Hull's vision was one of loosening the bonds of world trade so that production, employment, and standards of living throughout the world would be increased.

There can be no question that the trade agreements program made a significant contribution to that end. It helped support and sustain the economic recovery of the late thirties and added

to the strength that was necessary to the successful prosecution of the war against totalitarian tyranny.

The extension of the Trade Agreements Act of 1945 was the last occasion on which additional authority was granted to the President with which to negotiate reductions in duties. On that occasion we were motivated by considerations that were not unlike those that gave birth to the Trade Agreements Act. Here again our concern was that of adding strength and substance to the economies of the free world. By the extension of 1945 we committed ourselves to fostering and participating in the economic growth of the free world community.

To be sure, the basic problems that faced the economies of our allies were problems of reconstruction from the fundamental economic disturbances that were brought on by the war. Trade can only follow production, and our concern was primarily in enhancing production and economic growth. Yet we knew that in a period of basic readjustment there would be a tendency for our allies to take protective steps through their trade policy which would be designed to protect their domestic market and to conserve foreign exchange.

We were interested in preventing the growth of trade restrictions such as those that grew up after the disaster of the great depression. To do that, we extended the trade-agreements program of 1945 and gave the President the authority to reduce tariffs by 50 percent below the level obtaining on January 1 of that year.

In 1947 the United States negotiated with the major trading nations of the world the General Agreement on Tariffs and Trade; an agreement on tariffs, as the name itself implies, as well as on trade rules. Through this agreement we have sought to maintain, even through the arduous days of the postwar reconstruction, the adherence to a liberal and nondiscriminatory world-trading system. We knew full well that only with economic recovery, particularly in Western Europe, would it be possible to accomplish a reconstruction in world trade, but we also knew that economic recovery was bound to come and that we had to preserve the gains which had already been made in world trade and to lay the groundwork for future achievements.

The extension of the Trade Agreements Act this year, therefore, has special meaning. For 2 years, the free-world economy has given evidence of growth and stability. What we had so devoutly hoped for when we initiated the Marshall plan has in great measure been realized. Production has been restored. Domestic inflation has been defeated, and world currencies enjoy a measure of strength they had not enjoyed in a good many years.

With this return to economic health, it becomes vitally important that we move ahead now to make the progress in expanding world trade that is so vital to continued health. The importance of enacting H. R. 1 is further heightened by the fact that it represents the first in-

crease in the authority of the President to reduce tariffs since 1945, and only the third such increase in authority in the history of the Trade Agreements Act. It must be conceded that this increase in authority is very modest, and that the bill as a whole contains provision that make this increase in authority all the more modest.

I should like to refer to this aspect of H. R. 1 in greater detail in a few minutes, but I do wish to emphasize that, modest as this authority is, we have delayed too long in granting it to the Executive. For 2 years we have backed and filled instead of moving forward. Where boldness was required, we were hesitant. Surely today we cannot afford to do anything less than to pass H. R. 1 without reservations and without cavil.

And yet I feel obliged to express my fears to my colleagues in the Senate that the bill reported out by the Senate Finance Committee entails compromises and modifications that seriously impair this modest extension and grant of authority. These compromises and amendments are products of fear and not boldness. They are not becoming to our position of leadership. They are inconsistent with our position as a great creditor nation. They are the expression of timidity and fear in the face of all the evidence that we are the most enterprising, productive, and competitive country in the world.

There has been, in the last few years, a gradual undercutting of the authority of the Trade Agreements Act. First the escape clause, then the peril-point amendment. The pressures for the protection of special interest groups have worked assiduously in the direction of gradually modifying the authority contained in the act. As a result, when the Trade Agreements Act was scheduled for extension in 1953 it was extended in that year, and in the succeeding year, for only a 1-year period. When the bill finally came to the Congress it embodied and continued in force all the previous amendments which were designed to be protective of those domestic producers who feared foreign competition. Not only that, but as I have said already, the increase in authority that it contained was very modest.

It is my feeling, in view of these considerations, that were H. R. 1 enacted with additional amendments, we would be in danger of having a hollow shell of the trade policy, without any real substance to that policy. My concern for the status of the bill, as reported out by the Finance Committee, is that the amendments proposed come close to undercutting the modest positive grant of authority contained in the bill.

These amendments are of two kinds. There are, first, amendments that reduce the authority of the President which was contained in the House version of the bill. In this category are the so-called textile amendments, which in fact, apply to a great many other imported items. By virtue of these amendments, the modest 15 percent tariff reduction authority of H. R. 1 will not be able to be used for those items which will receive greater

than 15-percent duty cuts in the trade agreement negotiations currently being undertaken with Japan and several other countries, on the one hand, and the bilateral trade agreement currently being undertaken with Switzerland, on the other. The effect of this amendment will be to preclude the use of the authority of H. R. 1 for those items which are of considerable importance in the trade of Japan and Switzerland, as well as in the trade of a great many other countries of the world.

We may find in the next 3 years that there will be occasions when we may want to participate with Japan and with other countries in a multilateral trade agreement, and we may find that the President does not have sufficient authority under the Trade Agreements Act to negotiate effectively a trade agreement.

The other amendment which involves a reduction in the authority of the President is that amendment which removes the previous authority of the President to reduce the duties by 50 percent of the January 1, 1945, level on those items which are not being imported into the United States at all, or which are being imported in negligible quantities. I fail to understand why that amendment should have been considered. I am told that it too is a textile amendment; that the cotton textile industry regards imports of cotton textiles to be negligible, and therefore that these imports would be subject to this authority. But there are several aspects of this contention which I find inconsistent with the facts.

If, in fact, imports of cotton textiles are presently negligible, how is it that the cotton textile industry can argue that they are being inundated and swamped by competitive imports? Secondly, the authority to reduce duties on these so-called negligible imports by 50 percent is nothing more than an extension of existing authority; that is, the authority originally granted on January 1, 1945. This is the same authority which will be used up in part in the current trade agreement negotiations with Japan and other countries. This is the same authority which has been used in the previous trade agreements undertaken since 1945. In those trade agreements over 90 percent of our imports of cotton manufactures received some duty cut, and, on the average, this duty reduction was 30 percent. Thus, only 20 percent remains to be used in the current negotiations with Japan. To the extent that some of the 20 percent is used upon in these negotiations, only that which is left can be used to reduce the duty on negligible imports.

On balance, it would seem to me that the textile industry has very little to fear from this provision; and yet, from the point of view of our national trade policy, it seems to me that we have much to gain by retaining this provision. There are, I understand, something on the order of 500 dutiable items where there are no imports, and about 600 that are imported in negligible quantities. In a great many of these instances,

I would assume that there are no imports because their duty is prohibitive. This amendment would thus fail to provide the President with some special authority greater than the 15 percent authority he has under H. R. 1 to reduce the duty on these items.

By accepting this amendment we are in danger of foregoing the opportunity of telling the rest of the world that we, the great United States, are prepared to give the foreign producer at least a fighting chance to sell those items in our market, which, for one reason or another, he has not been able to sell at all in the past, or that he has sold in only negligible quantities.

Most disturbing of all to me are the amendments to H. R. 1 which would modify the standards and criteria of the escape clause, which is the subject of the amendment proposed by the Senator from Illinois. I have long felt that an escape clause procedure should be available for use only in those instances when severe and undue hardship or injury results to an American producer as a result of an increase in imports. The whole spirit of our trade agreements program is one of gradual reduction in duties, reductions that would bring about an increase in imports which would be equally gradual and would provide adequate time for any adjustment that may be necessary in domestic industry. Sometimes, however, foresight in effecting a duty reduction has proven to be wrong, and as a result of a tariff reduction there may result a substantial, unusual, and unexpected increase in imports which causes serious injury to a domestic producer.

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. DOUGLAS. Mr. President, I yield 5 additional minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 5 minutes more.

Mr. KEFAUVER. Mr. President, under these circumstances I can understand that the duty reduction which has been granted should be modified, if it is in the total national interest to do so.

What has disturbed me, however, has been the effort to broaden the escape clause and to make it an umbrella for protection against all sorts of injury, whether serious or not, whether due to imports or not. The amendments offered by the Finance Committee to the escape clause seem to me to broaden excessively the notion of injury. They would have the effect of increasing immeasurably the number of petitions to the Tariff Commission for the use of the escape clause, the number of cases in which the Tariff Commission would be obliged to find injury, the pressures on the President to invoke the escape clause, and consequently the number of instances in which tariff concessions previously made as part of international agreement would be modified or withdrawn. Since these new tests of the escape clause would make it virtually possible for almost any producer to claim

injury if competitive imports were coming into this country, the logical outcome of these amendments, if carried to the extreme, would be to cut off all competitive imports, and they would result in the abrogation of trade agreements entered into with other countries. Our trading partners could resort to no other course than to withdraw concessions they have given us. To the extent that the higher duties resulting under the escape clause resulted in a reduction of imports into the United States, foreign countries would find themselves with sharply reduced dollar earnings. The only result could be a decline in our exports. Thus, the basic objective of the Trade Agreements Act, namely, to expand the market for American exports, stands in danger of being defeated.

Let us look a little more closely at the two amendments to the escape clause reported by the Finance Committee. What is it that they propose to do that could have such dire results?

The first committee amendment has the effect of fixing into law the so-called share of the market criterion. This criterion says that if the domestic industry finds that the percentage share of the market that it enjoys has declined, that constitutes injury to that industry; even though its own production, sales, and profits have been increasing, if it does not retain its percentage share of the total domestic market, it has been injured. This is tantamount to saying that serious injury exists when the domestic industry fails to gain something it has never had. That is a very dangerous doctrine indeed. As I understand the amendment of the Senator from Illinois, it would remedy that defect.

The same committee amendment also establishes that the injury is due to imports if the imports have "contributed materially to the serious injury or the threat of serious injury to such industry." Thus, imports may not be the prime cause, or even one of the important causes of injury; but if there are competitive imports, then this amendment fixes into law the test that mere existence of imports can be regarded as the cause of injury, regardless of whether, in fact, they are the cause.

Under the amendment, I believe it would be possible for an industry which makes, for instance, 10 products, purposely to withdraw one of the products from the market, on the claim that it could not compete with a foreign producer; and thereafter, after securing an adjustment under this committee amendment, regardless of how much profit it might be making on the other items it manufactured, it could secure a tariff reduction on the one particular product, and later could resume manufacturing all of them, but at a greater profit.

The second committee amendment redefines the meaning of the term "domestic industry producing like or directly competitive products," which is contained in the existing escape clause. The redefinition takes the form of saying that any part or subdivision of an industry shall be regarded as an industry.

Any minor segment of a producing organization which produces a particular product shall be regarded as an industry. Not only does this violate the common-sense interpretation of the meaning of the word "industry," but it permits the use of the escape clause to protect every minor, individual product produced by an industry, regardless of how important that product is in the total production of that industry, and regardless of how profitable or how successful the overall position of that industry or that firm is.

Even the minor adjustments in our economy which could not, under any sensible test of injury, be injurious to domestic producers would be precluded from taking place so long as some competitive imports were lurking in the background.

Mr. President, I intend to vote for H. R. 1 when it comes to final vote in this Chamber, but I shall do so with great reservations and trepidation, because I feel that as it now stands it is totally inadequate as an instrument of national policy. The bill before us is a watered-down version of a modest piece of legislation. The bill now before us is a product of weakness and compromise, where national policy requires boldness and vision.

Mr. President, the bill can be improved by adopting the amendment of the Senator from Illinois. In the effort to keep our trade program in line with the situation in which we must have it if we are to exercise our proper influence, economicwise, among the nations of the world, by means of trade, I believe that we must at least agree to the amendment of the Senator from Illinois.

Mr. DOUGLAS. Mr. President, how much time remains to me?

The PRESIDING OFFICER. The Senator from Illinois has 22 minutes remaining to him.

Mr. DOUGLAS. I yield 15 minutes to the Senator from Arkansas [Mr. FULBRIGHT.]

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 15 minutes.

Mr. FULBRIGHT. Mr. President, during the past several days we have heard several notable speeches in the Senate on the reciprocal trade bill. I wish to compliment especially the junior Senator from Tennessee [Mr. GORE] on his speech of April 25, and the senior Senator from Illinois [Mr. DOUGLAS] on his speech of May 3. Both speeches are strong statements of the true facts about foreign trade. I do not propose to repeat at this time their statements of those facts. The case is clear, as it has been for a century and a half, or perhaps I should say as it has been since the day when man first began to trade an arrowhead for a stone ax.

Mr. President, I must say that some of the debate we have heard today has made me feel as if I were in the well-known land of Alice in Wonderland. When I heard with my own ears and saw with my own eyes the distinguished, illustrious, and notable senior Senator from Colorado [Mr. MILLIKIN] defend the reciprocal-trade program, I did not know what to think. Certainly the sit-

uation which has developed in the Senate is an amazing one.

I do not think the pending bill is a good one, Mr. President, but it is the only one with which we can deal at this time. Therefore, I must, in the final analysis, support it.

I believe that the amendment submitted by the distinguished senior Senator from Illinois [Mr. DOUGLAS] will go a long way toward improving the bill and making it, at least to some extent, a real contribution to reciprocal trading.

Mr. President, recently I came across an article entitled "Fallacies of the Tariff," written by W. M. Curtiss. The article, which appeared in the January issue of *Freedom and Union*, demonstrates in an understandable manner the stupidity of high tariffs for the United States.

Mr. President, I ask unanimous consent that the article be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FALLACIES OF THE TARIFF

(By W. M. Curtiss)

More than a century ago, Frederic Bastiat, a French economist and an ardent opponent of protectionism, drew on Daniel Defoe's immortal classic, *Robinson Crusoe*, to illustrate the evils of trade restrictions:

"You remember how Robinson Crusoe managed to make a plank when he had no saw."

"Yes; he felled a tree, and then, cutting the trunk right and left with his hatchet, he reduced it to the thickness of a board."

"And that cost him much labor?"

"Fifteen whole days' work."

"And what did he live on during that time?"

"He had provisions."

"What happened to the hatchet?"

"It was blunted by the work."

"Yes; but you perhaps do not know this: that at the moment when Robinson was beginning the work he perceived a plank thrown by the tide upon the seashore."

"Happy accident. He, of course, ran to appropriate it?"

"That was his first impulse; but he stopped short, and began to reason thus with himself:

"If I get this plank, it will cost me only the trouble of carrying it, and the time needed to descend and remount the cliff. But if I form a plank with my hatchet, first of all, it will procure me 15 days' employment; then my hatchet will get blunt, which will furnish me with the additional employment of sharpening it; then I shall consume my stock of provisions, which will be a third source of employment in replacing them. Now, labor is wealth. It is clear that I should ruin myself by getting the plank. I must protect my personal labor; and, now that I think of it, I can even increase that labor by throwing back the plank into the sea."

"But this reasoning was absurd."

"No doubt. It is nevertheless the reasoning of every nation which protects itself by prohibition. It throws back the plank which is offered in exchange for a small amount of labor in order to exert a greater amount of labor. Even in the labor of the customhouse officials it discovers a gain. That gain is represented by the pains which Robinson takes to render back to the waves the gift which they had offered him. Consider the nation as a collective being, and you will not find

between its reasoning and that of Robinson, an atom of difference."

"Did Robinson not see that he could devote the time saved to something else?"

"What else?"

"As long as a man has wants to satisfy and time at his disposal, there is always something to be done. I am not bound to specify the kind of labor he would in such a case undertake."

"I see clearly what labor he could have escaped."

"And I maintain that Robinson, with incredible blindness, confounded the labor with its result, the end with the means, and I am going to prove to you * * *."

"There is no need. Here we have the system of restriction or prohibition in its simplest form. If it appear to you absurd when so put, it is because the two capacities of producer and consumer are in this case mixed up in the same individual."

"Let us pass on, therefore, to a more complicated example."

"With all my heart. Some time afterward, Robinson, having met with Friday, they united their labor in a common work. In the morning they hunted for 6 hours, and brought home 4 baskets of game. In the evening they worked in the garden for 6 hours and obtained 4 baskets of vegetables."

"One day a canoe touched at the island. A good-looking foreigner landed, and was admitted to the table of our two recluses. He tasted and commended very much the produce of the garden, and before taking leave of his entertainers, spoke as follows:

"'Generous islanders, I inhabit a country where game is much more plentiful than here, but where horticulture is quite unknown. It would be an easy matter to bring you every evening 4 baskets of game, if you will give me in exchange 2 baskets of vegetables.'"

"At these words Robinson and Friday retired to consult, and the debate that took place is too interesting not to be reported in extenso.

"Friday: 'What do you think of it?'"

"Robinson: 'If we close with the proposal, we are ruined.'"

"Friday: 'Are you sure of that? Let us consider.'"

"Robinson: 'The case is clear. Crushed by competition, our hunting as a branch of industry is annihilated.'"

"Friday: 'What matters it, if we have the game?'"

"Robinson: 'Theory! It will no longer be the product of our labor.'"

"Friday: 'I beg your pardon, sir; for in order to have game we must part with vegetables.'"

"Robinson: 'Then, what shall we gain?'"

"Friday: 'The four baskets of game cost us 6 hours' work. The foreigner gives us them in exchange for two baskets of vegetables, which cost us only 3 hours' work. This places 3 hours at our disposal.'"

TWO VIEWS

"Robinson: 'Say, rather, which are subtracted from our exertions. There is our loss. Labor is wealth, and if we lose a fourth part of our time we shall be less rich by a fourth.'"

"Friday: 'You are greatly mistaken, my good friend. We shall have as much game, and the same quantity of vegetables, and 3 hours at our disposal into the bargain. This is progress, or there is no such thing in the world.'"

"Robinson: 'You lose yourself in generalities! What should we make of these 3 hours?'"

"Friday: 'We would do something else.'"

"Robinson: 'Ah! I understand you. You cannot come to particulars. Something else, something else—that is easily said.'"

"Friday: 'We can fish, we can ornament our cottage, we can read the Bible.'"

"Robinson: 'Utopia. Is there any certainty that we should do either the one or the other?'"

"Friday: 'Very well, if we have no wants to satisfy we can rest. Is repose nothing?'"

"Robinson: 'But while we repose we may die of hunger.'"

"Friday: 'My dear friend, you have got into a vicious circle. I speak of a repose which will subtract nothing from our supply of game and vegetables. You always forget that by means of our foreign trade nine hours' labor will give us the same quantity of provisions that we obtain at present with 12.'"

"Robinson: 'It is very evident, Friday, that you have not been educated in Europe, and that you have never read the *Moniteur Industriel*. If you had, it would have taught you this: that all time saved is sheer loss. The important thing is not to eat or consume, but to work. All that we consume, if it is not the direct produce of our labor, goes for nothing. Do you want to know whether you are rich? Never consider the enjoyments you obtain, but the labor you undergo. This is what the *Moniteur Industriel* would teach you. For myself, who have no pretensions to be a theorist, the only thin I look at is the loss of our hunting.'"

"Friday: 'What a strange turning upside down of ideas. But * * *'"

"Robinson: 'No buts. Moreover, there are political reasons for rejecting the interested offers of the perfidious foreigner.'"

"Friday: 'Political reasons.'"

"Robinson: 'Yes, he only makes us these offers because they are advantageous to him.'"

"Friday: 'So much the better, since they are for our advantage likewise.'"

"Robinson: 'Then by this traffic we should place ourselves in a situation of dependence upon him.'"

"Friday: 'And he would place himself in dependence on us. We should have need of his game, and he of our vegetables, and we should live on terms of friendship.'"

"Robinson: 'System. Do you want me to shut your mouth?'"

"Friday: 'We shall see about that. I have as yet heard no good reason.'"

"Robinson: 'Suppose the foreigner learns to cultivate a garden, and that his island should prove more fertile than ours. Do you see the consequence?'"

"Friday: 'Yes; our relations with the foreigner would cease. He would take from us no more vegetables, since he could have them at home with less labor. He would bring us no more game, since we should have nothing to give him in exchange, and we should then be in precisely the situation that you wish us in now.'"

"Robinson: 'Improvident savage. You don't see that after having annihilated our hunting by inundating us with game, he would annihilate our gardening by inundating us with vegetables.'"

"Friday: 'But this would only last so long as we were in a situation to give him something else; that is to say, so long as we found something else which we could produce with economy of labor for ourselves.'"

"Robinson: 'Something else, something else. You always come back to that. You are at sea, my good friend Friday; there is nothing practical in your views.'"

THE DEBATE ENDS

"The debate was long prolonged, and, as often happens, each remained wedded to his own opinion. But Robinson, possessing a great influence over Friday, his opinion prevailed, and when the foreigner arrived to demand a reply, Robinson said to him:

"Stranger, in order to induce us to accept your proposal, we must be assured of two things: The first is, that your island is no better stocked with game than ours, for we want to fight only with equal weapons. The

second is that you will lose by the bargain. For, as in every exchange there is necessarily a gaining and a losing party, we should be dupes, if you were not the loser. What have you got to say?"

"'Nothing,' replied the foreigner; and, bursting out laughing, he regained his canoe."¹

Bastiat's keen analysis of what he called "protectionism" is as much needed today as it was then. Contained in his skillful amplification of Robinson Crusoe are simple illustrations of most of the arguments for and against tariffs that have been and are still being used by the leaders, political and otherwise, of every nation.

Tariffs are discussed here, not because of their current importance relative to other restrictions, but because they have persisted so long in the face of well-reasoned opposition. It is probable that if the effects of tariffs were clearly understood, a better understanding of the various other trade restrictions might evolve because the same basic fallacies seem to underlie them all. Tariffs are a form of price control. One who defends tariffs cannot logically oppose Government control of prices and profits, material allocations, subsidies, and other violations of the free-market principle.

MORAL ISSUE

Basically, the issue of tariffs and other trade restrictions is a moral one. This is not to deny that it is also an economic issue. It is merely a matter of emphasis. Unless economic principles are in harmony with good moral principles, they are not good economics.

Government grows strong and dictatorial by the granting of special favors. Trade restrictions are just another of the handouts which a government can grant, thereby increasing its power over individuals—to the detriment of all.

The point of view set forth in this discussion argues neither for nationalism (isolationism) nor for internationalism. Both of these terms imply a kind of design by government. And both, when implemented by governmental design—force—have very serious consequences. Instead of aiming for either of these objectives, we would argue merely to allow individuals to trade freely with one another, when and where they wish—with a minimum of governmental interference.

The moral basis for free trade rests on the assumption that an individual has the right to the product of his own labor—stealing is bad because ownership is good. This involves property rights. Property rights are human rights, and to try to distinguish between them is merely to play with words—and on emotions.

The right to own property involves the right to use it, to keep it, to give it away, or to exchange it. Unless this is possible, one does not own property. To lay obstacles in the path of ownership, use, or exchange of property is a violation of the human right to own property.

BAD ECONOMICS

Economists from Adam Smith down to the present have quite generally agreed that tariffs are bad economics. And it is not difficult to discover why:

1. Tariffs and other trade restrictions contribute to scarcity rather than to abundance. We are sometimes fooled by the introduction of money into trade; but basically, it is the abundance of goods and services, widely distributed, that contributes to a high level of

¹ Frederic Bastiat, *Social Fallacies* (Santa Ana, Calif.: Register Publishing Co., Ltd., 1944), pp. 202-6. Translated by Patrick James Stirling. (First published in the *Journal des Economistes*, France, 1844.)

material well-being. A person who offers money in a trade is generally thought to be a buyer or consumer. But how does one acquire the money in the first place except by producing something for sale? Each one has something to offer in exchange for what he wants. Why is one party the seller any more than the other?

2. A voluntary exchange of goods or services between two individuals results in a benefit to each party. To say that only the seller benefits is a fallacy. Why is it so commonly believed that you confer a favor upon a person by buying what he offers you? When you offer your money to a grocery clerk for a purchase, he usually says, "Thank you." Why isn't it just as appropriate for the customer to say, "Thank you" for the services rendered by the store?

3. There is ample evidence that a high level of living in any country cannot be achieved without a high degree of division of labor—specialization. Instead of a person's being a jack of all trades, he is the master of one. This calls for a high degree of cooperative effort and exchange. Production by this process rests on the principle of comparative advantage, of production where conditions are most favorable. Ludwig von Mises, in his book *Human Action*, says:

"All that a tariff can achieve is to divert production from those locations in which the output per unit of input is higher to locations in which it is lower. It does not increase production; it curtails it. * * *

"Government does not have the power to encourage one branch of production except by curtailing other branches. It withdraws the factors of production from those branches in which the unhampered market would employ them and directs them into other branches. * * * It may subsidize openly or disguise the subsidy in enacting tariffs and thus forcing its subjects to defray the costs.

"While Government has no power to make people more prosperous by interference with business, it certainly does have the power to make them less satisfied by restriction of production."

4. A fallacy of protectionists is that employment, of itself, is a worthy economic objective. Employment, however, is merely a means to an end, and the end is production for consumption. No doubt, employment was high during the building of the Great Wall of China or the Pyramids of Egypt. A dictator can always achieve full employment. Hitler did it in Germany, and we had our leaf-raking projects.

But under freedom, freedom to produce and to trade voluntarily, men will have just as much employment as they desire. Actually, tariffs have nothing to do with employment. Employment can be high or low, with or without such trade restrictions. Tariffs do not create better jobs for individuals. They simply tend to keep people working at jobs which are less productive of useful goods and services than they would be under free trade.

5. Protectionists have claimed that wage levels can be maintained or increased by shutting out imports from areas with low real wages. Wage levels are determined by the productivity of labor. This, in turn, is determined by the investment of capital in the tools of production.

The products we import are more valuable to us than our exports; otherwise the trade would not be made. Rather than produce the imported product here, our own labor is released to produce something we are better fitted to produce.

6. Failure to recognize that satisfaction of desires is the sole purpose and end of production has led protectionists to support tariffs, subsidies, and other measures. Had we consistently failed in this recognition, we would now be subsidizing 80 percent of our population in agricultural pursuits, as well

as in the manufacture of buggy whips and candles. Economic progress cannot take place under such a system.

The removal of tariffs restores justice to consumers—to millions and millions of consumers. The fact that it may seem to result in a temporary inconvenience for a few producers is merely the correction of an injustice previously established.

Aside from their many economic disadvantages, trade restrictions are most devastating in their effect on the relations between nations.

In an address in New York on June 9, 1952, Sir Miles Thomas, chairman of the British Overseas Airways Corp., said that some British manufacturers were disturbed by the tendency of some United States manufacturers of competitive or related items to seek home protection against foreign competition. He went on to say:

"The very essence of our being, the very survival of the free nations of the world—must depend upon a two-way flow of goods and services. If you place a brake on that you inevitably discriminate against your own future as well as ours. Forgive me if I so far forget myself as your guest * * * if I ask you whether you prefer to have the dollars supplied by an already overloaded taxpayer or by a satisfied consumer.

"Surely it is by the reduction rather than the increase of international trade barriers that the cause of peace can best be preserved."

Trading, when engaged in by individuals, is a peaceful, friendly project. When controlled by governments it provides opportunity for favoritism, intrigue, and a display of power politics. It cannot lead to other than animosity, suspicion, and unfriendly relations.

We pretend, on the one hand, to favor a united friendly Europe. But at the same time, we encourage trade restrictions and controls of all sorts. For example, we promote in Europe a government-controlled and operated cartel for certain basic industries. Chaos and strife are certain to result, whereas the promotion of free trade between individuals and firms of all nations would go far toward bringing about the peace we seek.

UNITED STATES COULD LEAD

In his recent book *The Trade of Nations*, Michael A. Heilprin said:

"It is the thesis of this book that world trade based on the operations of free markets and on the personal enterprise of free men fosters the cause of international understanding, while trade straitjacketed by governmental controls and subject to authoritarian dictation from the top becomes a servant of nationalism and an abundant source of ill will, friction, and conflict."

Free trade is such a simple solution for so many of the world's ills. It doesn't require endless hours of debate in the United Nations, or the International Labor Organization, or the Food and Agriculture Organization, or any other worldwide debating society. It requires only that one nation see the light and remove its restrictions. The results will be immediate and widespread.

It isn't necessary for all nations to agree jointly and simultaneously to remove restrictions. If only one nation does it, some good is accomplished—both for itself and for its customers. A great nation, such as the United States, could do it and thus set an example for others to follow. It would not be meddling in the affairs of other nations; it would merely be looking after the best interests of its own citizens. And instead of being resentful, other nations would be eternally grateful.

If goods do not cross frontiers, armies will.

Mr. FULBRIGHT. Mr. President, I wish to direct attention especially to the statement, appearing in the article, that:

Trade restrictions are just another of the handouts which a government can grant.

As the Senator from Illinois has so clearly proved, tariffs for special interests were among the first handouts given by our Government to the protectionists. Other groups of our citizens have been forced—in self-defense, and in order to survive—to seek subsidies by other means.

Since the beginning of organized human society, struggles for special privileges by individuals or groups have occurred. I need not remind this body that ambition, greed, and avarice are rather common characteristics of our species. The ability of a well-organized minority to mislead, confuse, and exploit the unorganized majority is not a new phenomenon in human affairs. However, I think I am bound to say that I do not believe one can find in all history an example of greater or more unjustifiable exploitation than the one perpetrated upon the American people by the Republican Party of this Nation for the past 100 years.

Mr. President, in his speech to the Senate on April 25, the distinguished junior Senator from Tennessee [Mr. GORE] referred to the vicious role being played here by the tariff lobby, and said:

Behind the clamor against the reciprocal-trade program is one of the best organized, most insidious lobbies Washington has ever had to contend with. It is the high-tariff lobby, and it has been around a long time.

This lobby is now using every means at its disposal to befuddle, mislead, and frighten American workers and consumers to the end that they may be brought to bring overwhelming pressures upon their congressional representatives and so secure the legislation that it wants.

In my own case, I have received more letters during the past month opposing reciprocal trade than I had received in the previous 10 years in which I had been a Member of the Senate. Most of this correspondence arises because of two or three new textile mills in my State, the workers in which have been obviously misled.

These lobbies appear whenever there is a trade bill before Congress, and since they seem to have a continuing life, I think it might be enlightening to recall some of the events of the infamous tariff lobby in 1929.

I think it is pertinent to go back to 1929 because of the present lobbies, operated under the Republican administration just preceding the present one. What happened then is the best guide to what is happening now.

I may say that under the leadership of one of my distinguished predecessors, Senator Caraway, a congressional inquiry into lobbying activities was conducted. That is a further reason why I think it is the best historical precedent for what we expect to find today.

I grant, of course, that the managers of the lobby have learned from the bitter experience of 20 years of being out of power to be more subtle, to disguise their maneuvers better, and to permit

some of their spokesmen to mouth sweet generalities.

For example, one of the principal obstacles to trade today is the complexity of customs regulations rather than the monetary rate of the duty. This is more difficult for opponents of special privilege to understand and to attack.

However much the technique has been refined, the basic objectives and the spirit of the protectionists are the same as those of 1929.

Among those who appeared before the committee in 1929 was Mr. Joseph R. Grundy, of Pennsylvania. A prince of lobbyists, Mr. Grundy did not soil his dignity or his labor with excuses or evasions. He spoke with frankness and indignation and in so doing he expressed the point of view not only of the tariff lobby but also a large part of the Republican Party. I now quote from the official record of investigation of lobbying in 1929:

Senator BORAH. Mr. Grundy, I take it that the object of your coming to Washington and opening headquarters was your interest in the tariff bill?

Mr. GRUNDY. The interest of the Republican Party in carrying out its platform adopted at Kansas City; yes.

Senator BORAH. That was the outstanding thing—

Mr. GRUNDY. The resolution adopted by the Pennsylvania delegation went on:

"Adequate protection by duties on imports to overcome the difference in costs of production here and abroad is a fundamental principle of the Republican tariff policy.

"Whenever this American system has been in operation a home market has been created and maintained as the basis of a purchasing power due to full employment with higher wages, resulting in general prosperity to all sections and all classes. This has brought the development and progress of our country to a higher level and our people to a higher standard of living than elsewhere known. We have owned more homes, better furnishings, and with more comforts and conveniences than are found in any part of the earth * * *.

"We eat more and better food, wear better clothes, and have more joys and pleasure of life than any other people. We have the largest incomes, the greatest savings, carry the most insurance, and have enough surplus to be the most liberal spenders for every necessity and luxury.

"For the most part, since the passage of the Morrill Protective Act of 1861, we have advanced under successive protective tariffs to the highest position of wealth and strength, retarded only by periods of practical free trade under Cleveland and Wilson, compelling a return to protection to retrieve our losses."

It was all right for the Pennsylvania Republican Party, eulogizing the Republican tariff policy, to talk about this policy bringing "our country to a higher level and our people to a higher standard of living than elsewhere known." None of this bears the slightest relationship to the truth and indeed is a shameful distortion of the truth.

A few years before Mr. Grundy appeared to praise the protectionist policy that had made Pennsylvania and other industrial States rich, the per capita wealth of the 10 great cotton States was only \$1,635, and that of Mississippi was \$1,216. But the per capita wealth of the other 38 States of the Union was \$3,313, or more than double that of the

cotton States. In 1932 my State of Arkansas paid only \$216,000 Federal individual income taxes, and our neighboring State of Mississippi paid only \$134,000. At about this time Mr. Alfred Sloan, then president of General Motors, voluntarily reduced his salary from \$500,000 to \$340,000 a year. He took a cut of \$160,000 in his salary. This cut, mind you, was nearly \$30,000 more than the individual income taxes paid by 2 million people in the State of Mississippi. This is a sample of the heavenly prosperity brought to us by the Republican policy of high tariffs.

Continuing, Senator Walsh asked Mr. Grundy some questions:

Senator WALSH. Mr. Grundy, in a statement which you prepared for us the other day, you furnished certain tables in which comparison was made between the State of Pennsylvania and various other States groups together. I find "Total value of all property in the States of Arizona, Arkansas, South Dakota, Idaho, Mississippi, Montana, and Wisconsin."

Mr. GRUNDY. Yes.

Senator WALSH. At a later date I find the amount of wages paid in Pennsylvania and the number of wage earners employed as compared with the same group of States.

Mr. GRUNDY. Yes.

Senator WALSH. Likewise the value of the products of these States, compared with the value of the products of Pennsylvania.

Mr. GRUNDY. Yes.

Senator WALSH. The income tax and corporation tax paid by those States with the income tax and corporation tax paid by the State of Pennsylvania. Will you just explain to us what you think that has to do with the tariff, and just what your purpose was in instituting that comparison?

Mr. GRUNDY. May I be frank with you on this?

Senator WALSH. Oh, entirely so. We hope you will.

Mr. GRUNDY. Frankly, when you come to analyze what they mean to the national life of the country, they haven't got any chips in the game at all.

Senator CARAWAY. They found that out long ago.

Mr. GRUNDY. If it was not for an unfortunate provision in the Constitution that gives each State two Senators—I say "unfortunate" because it was a great compromise that got our Constitution through—they probably would not be heard of at all.

Now, for these men that represent so little in the national economy, to find fault and obstruct and try to destroy a policy which has been responsible for building up these great reservoirs of taxation that have been for the great benefit and advancement of the country, it seems it is almost a tragedy to mankind.

If this was a problem that had to do with junior Red Cross work for backward States or something like that, they would have a right to get into that game, but when it comes to this great fundamental policy that has made this country what it is and has produced this great revenue, those seven States that have about 2.66 percent of the taxes of this country and put up all this holler against the States which pay about 64 percent of the revenues of this country, there is something wrong down here somewhere.

Senator CARAWAY. Is it your view, then, that wealth ought to select Senators?

Mr. GRUNDY. I did not say "wealth," but the general interest that goes with tremendous weight of population.

Senator CARAWAY. You mean the rich people ought to have the Senate?

Mr. GRUNDY. No; I don't want the rich to control anything. I want everybody to con-

trol, but this is the only way you can bring this thing home to the people.

Senator CARAWAY. Yet I understood you to say you thought it was a tragedy that the smaller States had 2 Senators.

Mr. GRUNDY. Yes, sir—no; not that they should have elected 2 Senators, but that they should use their power to try to destroy what has been for the greatest good of the country.

Senator CARAWAY. I understand you now that they should not have a vote when the tariff laws are enacted?

Mr. GRUNDY. I do not want to say they should not have a vote, but they should not throw a monkey wrench into the machinery every minute of the 24 hours of the day.

Senator CARAWAY. They should not be allowed to talk?

Mr. GRUNDY. I don't want to say that.

Senator CARAWAY. What do you want them to do now?

Mr. GRUNDY. They should talk darned small.

Senator CARAWAY. They should not have as much to say as Pennsylvania, for instance?

Mr. GRUNDY. Honestly not; no, sir. I don't think the Senators from Georgia ought to be putting up the roar they do. I think especially the Senators from Mississippi ought not to put up a roar. I might go down the line with many others from these Western States as well.

Senator Blaine pointed out to the witness how high tariffs affect the farmers.

Senator BLAINE. * * * I observe that aluminum—all that is produced in America—is produced by the Aluminum Company of America, and it produces about one-third of the total world production. If the tariff on aluminum is effective * * * the tariff tax would be \$19 million.

You appreciate that the products of aluminum go into the cost, the operating farm cost of milk containers, cream containers, cream separators, and a large variety of farm implements and utensils made of aluminum products.

The farmer uses scythes, sickles, grass-hooks, and cornknives. The annual tariff tax on that is \$240,000. They bear a tariff rate of 30 percent.

Let us take another item. Shovels, spades, and scoops, a large part of the production is used upon the farm, and that tariff tax, if it is effective, is \$4,600,000 a year. They bear a rate of 30 percent ad valorem.

"Internal-combustion engines." Those are gas engines. Those bear a tariff rate of 31.24 percent. The farmer uses internal-combustion engines to a very large extent, and the tariff tax on that, if it is effective, is \$36,740,000 a year. * * *

Now we will take miscellaneous machinery, of which the farmer uses a large quantity. The tariff tax on that, if effective, is \$7,240,000 a year. Pliers, pincers, and nippers. The tariff tax now is 60 percent and they propose to raise it to 75 percent. That is a tax upon the farmer. Take saddle and harness hardware, used largely on the farm. The tariff tax is 47.6 percent. That tax represents \$2,980,000 a year.

Take the little item of chains; a very common article upon the farm. The ad valorem equivalent on that is now 28.61 percent and it is proposed to raise that to 38.36 percent, which will yield a tariff tax, if effective, of \$8,640,000 a year. Woven wire, galvanized wire fencing, and wire for bailing, practically all of which is used upon the farm. The tariff tax is 17.67 percent.

Senator WALSH. I wanted to ask you whether it ever occurred to you that the great wealth of the State of Pennsylvania has come in no small part from the energy and enterprise of the people out West who opened up that country and gave a market for your products.

Now likewise, about these enormous income taxes that the State of Pennsylvania pays, a good share of which is paid by Pennsylvania manufacturers. Did it ever occur to you that they add to their price their taxes?

Mr. GRUNDY. No. Never.

Senator WALSH. Never?

Mr. GRUNDY. No. Well, I may qualify that. The products of Pennsylvania are sold in a competitive market, and, of course, if there is to be a tax, it is like any other tax—it is part of overhead expense.

Senator WALSH. Each competitor puts that into his overhead expense, does he not?

Mr. GRUNDY. Yes.

Senator WALSH. So that, as a matter of fact, the consumer in my State has helped you to make this splendid showing of income taxes paid by the State of Pennsylvania, has he not?

Mr. GRUNDY. To the extent that he purchases Pennsylvania products; yes.

Senator Caraway, of Arkansas, then sought to show the connection between Mr. Grundy's tariff lobbying and the politics that, in part, lay behind it.

Senator CARAWAY. How much of your time have you spent down here in Washington, interested in tariffs?

Mr. GRUNDY. A large part, whenever there has been a tariff bill up for consideration, since the Dingley tariff bill in 1897.

Senator CARAWAY. What were you doing here?

Mr. GRUNDY. Endeavoring to have a protective tariff law enacted.

Senator CARAWAY. How many Senate committees have you been before with reference to raising money for elections?

Mr. GRUNDY. In 1924 and 1926.

Senator CARAWAY. And in 1924 how much did you say that you had raised for the election of Mr. Coolidge?

Mr. GRUNDY. * * * I think we raised \$700,000.

Senator CARAWAY. * * * That all came from people interested in tariffs?

Mr. GRUNDY. In part.

Senator CARAWAY. In large part?

Mr. GRUNDY. Yes.

Senator CARAWAY. What was the necessity for your staying here, Mr. Grundy * * * when the tariff bills were pending?

Mr. GRUNDY. Because I was interested in it.

Senator CARAWAY. I know, but what services were you rendering? Were you seeing Members of Congress of both Houses? You saw them personally? And talked with them?

Mr. GRUNDY. Yes.

Senator CARAWAY. Do you think that you got results from those talks?

Mr. GRUNDY. The results that were finally achieved were satisfactory. * * * I did my best to see the results we thought satisfactory were enacted.

Senator CARAWAY. You think that there are tariff rates now reflected in the tariff law that your activities put there?

Mr. GRUNDY. Well, I am pleased to say, yes.

Senator CARAWAY. Who pays your expenses down here?

Mr. GRUNDY. Why, I do.

Senator CARAWAY. It is a work of love on your part?

Mr. GRUNDY. Not a work of love. I feel I have some obligations in this proposition.

Senator CARAWAY. They put up the campaign expenses, and they ought to get results for their money. Is that the obligation that rested on you—to see that they got their money's worth? * * * They put up the money and they ought to get the legislation they bought and paid for?

Mr. GRUNDY. If that platform (of the Republican Party) was put into the law, they would get their money back.

Senator CARAWAY. They would get their money back?

Mr. GRUNDY. Yes, sir.

Senator CARAWAY. And you were down here to see that they got their money back?

Mr. GRUNDY. I was helping in every way that I could.

Senator CARAWAY. * * * You think that it was entirely proper, for a man who was on the payroll of the Connecticut Manufacturers' Association, to come down here and be placed on the payroll of the Government as a clerk to a committee, by which means he got into the secret meetings of the Finance Committee. You think that is proper?

Mr. GRUNDY. I don't think there was any impropriety in what happened.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The time of the Senator from Arkansas has expired.

Mr. DOUGLAS. I yield the remainder of my time to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 7 additional minutes.

Mr. FULBRIGHT. Mr. Grundy, a prince of lobbyists, and one of the most powerful men in the counsels of the Republican Party for 50 years, did not see any impropriety in the action that led the Senate to censure Senator Hiram Bingham. His testimony is revelatory of the tariff lobby mentality.

We have seen here an example of shocking amorality and greed on the part of a principal Republican leader and tariff lobbyist. But this is not all the story. One is confronted also with a comprehensive ignorance and blindness on the part of distinguished Republican leaders that once led this Nation to economic catastrophe.

Let us go back now to 1932. A speaker is on a platform in Des Moines, Iowa, and he is addressing an audience of hard-pressed, desperate farmers. They were getting shockingly low prices for their products and were facing wholesale evictions from their lands. The men addressing them was former President Herbert Hoover.

What did he propose to do to relieve farmers? Raise tariff rates on farm products?

The very basis of safety—

He said—

to American agriculture, is the protective tariff on American farm products. The Republican Party originated and proposes to maintain the protective tariff on agricultural products. We will even widen that tariff further when necessary to protect agriculture. Ninety percent of your market is at home, and I propose to reserve this market to American farmers.

One stands amazed by such remarks.

The foreign price of wheat was then 20 cents a bushel.

It took 15 cents more to carry the wheat to Chicago.

The duty on wheat was 42 cents a bushel. This duty was double the value of wheat on the farm and more than the value of the wheat at Chicago.

But, said Mr. Hoover, the way to help the wheat farmer is to give him a high tariff on wheat.

By way of pointing up this magnificent nonsense, in 1932 we did not import enough wheat to fill a cavity in the Nation's tooth. During that year we im-

ported 2,041 bushels of wheat, valued at \$1,546.

A comprehensively ignorant American President is, fortunately, somewhat in the nature of a rarity in our history. Mr. Hoover was not among this group. On the contrary, Mr. Hoover is a well-informed man. It is, therefore, the more surprising to find him saying that the 90 percent of the farmers' market was at home.

Thus in the period 1926-30 we exported the following proportions of the total production of some of our major crops:

	Percent
Cotton.....	59
Prunes.....	50
Tobacco.....	34
Raisins.....	54
Lard.....	31
Rye.....	30
Rice.....	24
Apples.....	20
Wheat.....	18

The great farm market might have been at home for such items as honey, garlic, parsley and, guinea eggs, but it certainly was not at home to the extent of 90 percent for the major farm and orchard products which are the backbone of our agriculture. Thus about the time that Mr. Hoover was speaking more than one-half of the total crop acreage of the United States was planted to wheat, cotton, corn, and tobacco, all of which were crops largely dependent for their economic health upon export.

One element in the current picture which confuses us and makes a clear-cut decision on the question of tariffs so difficult is the fact that an occasional Republican and an occasional Republican publication will speak out for the national rather than the special interests.

In its April 1955 issue Fortune magazine, for example, expresses itself in the following terms:

The tariff is the great American anachronism. It is a direct levy on American consumers, no more, but not less, than any other indiscriminate tax. It is a hidden subsidy to inefficient producers at the expense of the more efficient. It is a way of interfering with the "normal division of labor," which within the boundaries of the United States is taken for granted, and which has done so much to build the wealth of the Western World. Finally, the tariff is a form of economic warfare that inevitably leads on to much worse restrictions.

Fortune also makes a comment that it might be useful for it to din into the ears of leaders of the Republican Party, whom it so blindly supports. The words are these:

The trouble with capitalism is not that it leads on to "exploitation," as the Communists claim, but that it has not been sufficiently tried.

Liberalized tariffs are one of capitalism's most effective devices, and if capitalism in this phase has not been sufficiently tried, the fault lies squarely in the hands of the Republican Party, and at the hands of the Republican President, who seems committed to the policy, but who does not seem to be committed in his own mind or in his own heart to fight for it. If the President's trade program was recently saved in the

House of Representatives it was not because the President got out and fought for it and led his troops amid the dust and shock of battle. The fact is that he remained coolly in the White House while the struggle was going on—a general above the battle. The bill was carried by a narrow margin only because the Speaker, SAM RAYBURN, of Texas, a lifelong devoted Democrat, fought for it with all the power at his disposal and went down into the well of the House and made one of his rare speeches and so carried the day.

I hope the Senate will pass the bill. I should like to see both parties at long last join in recognizing the validity of, and applying gradually on a wider scale, the principles which have worked so well within our country.

I confess that I do not regard this bill, with all its compromises and weaknesses, as a very good bill, but obviously it is the best we will have an opportunity to vote on at this session. Therefore, in spite of its imperfections and shortcomings, I hope the Senate today by a large majority will pass the bill.

I believe it will give considerable discretion to the Executive. If the Executive is determined to liberalize and promote trade relations with the free world, he will have an opportunity to do it, although I recognize that the bill also contains pitfalls and restrictions which, if not avoided by the Executive, can lead to further curtailment of our international trade.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. SALTONSTALL. Mr. President, I yield 5 minutes to the senior Senator from Colorado.

Mr. MILLIKIN. Mr. President, the members of the Tariff Commission have been at odds with each other on two points:

First. Must imports be the sole cause of injury to an industry?

Second. What is an industry?

These are questions which only Congress can answer. They have never stopped plaguing the Tariff Commission and causing difficulty in arriving at decisions, and have frequently been the cause of split decisions. They should be made clear one way or another. They should be made clear by Congress, because it has the authority to do it.

The committee considered the proposed amendments. It considered whether any contributing factor other than imports, no matter how small, prevents an injured industry from getting relief. The committee wisely decided that imports need not be the sole cause of the injury. It wisely decided that if imports contribute materially to the injury, then help can be given.

The committee decided wisely that, for the purpose of the escape clause, an industry need not be considered a great sprawling octopus producing many different items. Some concerns produce only 1, 2, or 3 items. The same items may be produced by great concerns making many items, and such concerns could afford to lose money or cease to produce one item.

The small-business man could not take such losses. Under the decision that the whole industry must show an overall loss and be operating in the red before help could be given, the small-business man who produced only a few items could be completely wiped out, but no help would be forthcoming.

On the question whether there had to be a loss to the whole industry before relief could be given, the Tariff Commission split 3 to 3.

One group said the wood screws industry did not exist, but was merely a small part of a huge metalworking industry. In answer to that argument, the other group—and I am reading from the Wood Screws decision—stated:

Such an interpretation of this "domestic industry" phrase in the "escape clause" law would practically nullify the "escape clause" provision in trade agreements as a possible remedy of serious injury, and in effect would almost, if not entirely, void the "escape clause" provisions of the Trade Agreements Extension Act. One by one each small "domestic industry" could be severely injured and put out of business because of imports and section 7 would be inoperative as a remedy—and we believe Congress intended section 7 to be a remedy.

Mr. President, I suggest that the amendments reported by the committee are moderate, and are as clear as legislative language can make them.

I cannot see why they should cause any considerable increase in the number of cases before the Commission. Injured industries have been making appeals and will continue to make appeals. The improvements proposed by the committee will not change the past practices of firms and industries to appeal when they feel they are being hurt. They are good amendments. They are necessary amendments, and should be retained.

Mr. President, I am glad again to emphasize that the administration is in favor of the whole bill as amended by the Senate committee, and these amendments were approved by a sizable vote in the Senate committee.

I suggest that the amendment of the senior Senator from Illinois be decisively defeated.

SEVERAL SENATORS. Vote! Vote!

Mr. DOUGLAS. Mr. President, has the Senator used all his time?

Mr. SALTONSTALL. Mr. President, as acting minority leader, I yield back the remainder of my time.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Carlson	Frear
Allott	Case, N. J.	Fulbright
Anderson	Case, S. Dak.	Goldwater
Barkley	Clements	Green
Barrett	Cotton	Hayden
Beall	Curtis	Hickenlooper
Bender	Daniel	Hill
Bennett	Dirksen	Holland
Bible	Douglas	Hruska
Bricker	Duff	Humphrey
Bridges	Dworshak	Ives
Bush	Eastland	Jackson
Butler	Ellender	Jenner
Byrd	Ervin	Johnson, Tex.
Capehart	Flanders	Johnston, S. C.

Kefauver	Millikin	Scott
Kerr	Monroney	Smathers
Kilgore	Morse	Smith, Maine
Knowland	Mundt	Smith, N. J.
Kuchel	Neely	Sparkman
Langer	Neuberger	Stennis
Lehman	O'Mahoney	Symington
Long	Pastore	Thurmond
Magnuson	Payne	Thye
Malone	Potter	Watkins
Martin, Iowa	Purtell	Welker
Martin, Pa.	Robertson	Wiley
McCarthy	Russell	Young
McClellan	Saltonstall	
McNamara	Schoeppel	

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. Mr. President, on this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DOUGLAS]. The clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Georgia [Mr. GEORGE], the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNING], and the Senators from Montana [Mr. MANSFIELD and Mr. MURRAY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

I announce further that the Senator from Georgia [Mr. GEORGE] is paired on this vote with the Senator from Tennessee [Mr. GORE]. If present and voting, the Senator from Georgia would vote "nay," and the Senator from Tennessee would vote "yea."

I also announce that if present and voting, the Senator from Massachusetts [Mr. KENNEDY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Delaware [Mr. WILLIAMS] is necessarily absent.

The result was announced—yeas 21, nays 67, as follows:

YEAS—21

Anderson	Hill	Lehman
Barkley	Humphrey	Long
Clements	Jackson	McNamara
Douglas	Johnson, Tex.	Monroney
Eastland	Johnston, S. C.	O'Mahoney
Fulbright	Kefauver	Smathers
Hayden	Kilgore	Sparkman

NAYS—67

Aiken	Ervin	Neely
Allott	Flanders	Neuberger
Barrett	Frear	Pastore
Beall	Goldwater	Payne
Bender	Green	Potter
Bennett	Hickenlooper	Purtell
Bible	Holland	Robertson
Bricker	Hruska	Russell
Bridges	Ives	Saltonstall
Bush	Jenner	Schoeppel
Butler	Kerr	Scott
Byrd	Knowland	Smith, Maine
Capehart	Kuchel	Smith, N. J.
Carlson	Langer	Stennis
Case, N. J.	Magnuson	Symington
Case, S. Dak.	Malone	Thurmond
Cotton	Martin, Iowa	Thye
Curtis	Martin, Pa.	Watkins
Daniel	McCarthy	Welker
Dirksen	McClellan	Wiley
Duff	Millikin	Young
Dworshak	Mundt	
Ellender		

NOT VOTING—8

Chavez	Hennings	Murray
George	Kennedy	Williams
Gore	Mansfield	

So the amendment of Mr. DOUGLAS was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I yield to the distinguished junior Senator from Oregon [Mr. NEUBERGER] 6 minutes on the bill.

Mr. NEUBERGER. Mr. President, I shall speak only briefly today in support of H. R. 1, as now before the Senate.

The reciprocal trade-agreements program, which H. R. 1 will extend for 3 years, has been the mainstay of our foreign trade policy for 20 years, during which it has often been reviewed by the Senate. I have been a Member of this body for only 4 months, so I do not presume that I shall be able to add much to the knowledge of Senators who have shared in the formulation of this legislation over the years. But I do think that I can fairly tell the Senate that, by and large, the people of Oregon support the continuation of the reciprocal trade program.

OREGON FAVORS LIBERAL FOREIGN POLICIES

The reciprocal trade program, Mr. President, was one of the issues in the Senatorial campaign in Oregon last year. We remember that it was a group of Democrats, for whom the junior Senator from Tennessee [Mr. GORE] was one of the chief spokesmen, who led the fight to save the President's foreign-trade program during the last, Republican-controlled, session of Congress, against the opposition of many of the President's own party, including my opponent in Oregon.

During the campaign I told the people of Oregon that I would support President Eisenhower's request for continuation of the liberal foreign-trade program, which had proved itself during two decades of experience. My opponent had opposed the President's reciprocal trade program. I might say, parenthetically, that this did not, of course, deprive him of the President's support in the election. But I think it is fair to state that on this, as on other aspects of our foreign relations, the issues were clearly drawn. In my judgment, the people of Oregon throughout the campaign showed their support for enlightened, bipartisan foreign policies, whether they were initiated by Democrats or continued by a Republican President.

Mr. President, the reciprocal trade program is one of these enlightened policies.

Perhaps there was a time when we could regard controls over imports and exports as primarily an adjunct of domestic economic policy—or even as a means of raising revenue. But we have learned that we can no longer afford the luxury of manipulating, by such controls, an exclusive domestic market without regard to the impact of our policies on the rest of the world. Our foreign-trade policies have become one of the most decisive factors in our international relations.

The most critical problem confronting our Nation—and which will continue to confront our Nation and all nations, for many years to come—is the maintenance of world peace. I believe we can-

not have a peaceful world without a healthy and expanding world economy. We certainly cannot hope to have unity and strength in the free world without strong and expanding economies in the free democracies. Much of that economic strength must depend on commerce and trade within the free world.

HIGH TARIFFS WILL NOT PROTECT NATIONAL PROSPERITY

I was a student in college during the depths of the depression in the early 1930's—just before Secretary of State Cordell Hull's reciprocal trade program first replaced the protectionism of the Smoot-Hawley tariffs. I shall never forget my illustrious professor of economics, Dr. James H. Gilbert, of the University of Oregon, telling our class how we had suffered the most terrible depression in history—with its mass unemployment and widespread human misery—at a time of the highest protective tariffs in American history.

In the face of the facts, we cannot accept the simple, pleasant myth that we can assure the prosperity of domestic producers by erecting high tariff barriers—that we can protect our economy by excluding the competition of imports, so that American consumers will have to buy at the domestic producer's price. I am not a trained economist, but I know that economics is not that simple. I know that the high protection of the Smoot-Hawley tariff did not protect Oregon lumber mills from accumulating vast supplies of good, strong timber, and farmers from the accumulation of mountains of wheat, without a market, foreign or domestic, which could consume the supply.

It is of the utmost importance, Mr. President, that our own economy remain healthy and strong—and, I might add, our own concern that it remain so is thoroughly shared by the very nations with whom we have the closest political and economic ties. But it is a sorry illusion, and a dangerous one, that higher protective tariff walls will assure the health or strength of our economy.

There is always the tendency for each of us to think of himself in his role in some process of production. This is understandable, Mr. President; and so each Senator, I am sure, has heard from citizens of his State who feel that the competition of imports threatens an industry in which they share, whether as workers, owners, or suppliers of materials or services. Yet we should be careful not to confuse the competitive position of specific industries with the health and strength of the Nation as a whole.

Let us not lose sight of some basic facts:

Tariffs are merely a means of keeping prices artificially higher than they would otherwise be. The cost of protecting the domestic producer is thus borne by the consumer. Comparable products which may be available for import at competitive prices are, at least to some extent, excluded. Perhaps it may be suggested that one interest which is rarely mentioned—the interest of consumers—is also entitled to some consideration.

AMERICAN EXPORT TRADE ALSO IMPORTANT

But, Mr. President, to the same extent that high, protective tariffs exclude imports, they also reduce the ability of the world to buy American exports. This elementary fact has been so thoroughly discussed by other able Senators who have spoken on H. R. 1 that I shall not elaborate it again. Let us merely point out the conclusion to be drawn:

A high protective tariff does not protect the national economy. It merely shifts domestic resources in favor of some protected industries and away from those dependent on export markets. While the continued prosperity of local industries may be essential to many communities, it thus does not follow that tariff protection contributes to the prosperity of the Nation as a whole.

It would be a serious mistake to forget the importance of our international trade to our own economy. In 20 years, it has risen in unison with the expansion of our national economy. According to the New York Times, in 1934, the year before the reciprocal trade program was first put into operation, American imports amounted to \$1,707,000,000, exports to \$1,938,000,000. In 1953, after two decades under the program, our imports were \$10,873,000,000, and our exports had risen to \$15,747,000,000. Other sources may lead to somewhat different totals. But I think it is significant not only that our present trade program permits international trade at a level which would surely be impossible if we had retained the Smoot-Hawley tariff, but also that along with the increase in imports, on which the protectionists always focus attention, our exports have increased and still exceed our imports in value. These exports contribute to prosperity in every State, including Oregon.

Mr. President, America can sell abroad only to the extent that it buys from abroad. Trade is a two-way street. Our export markets are important to our own economy, particularly to our American agriculture and to other segments which produce more than we consume here at home. Many of those products, agricultural as well as industrial, are produced in Oregon. If we forget that only imports can pay for our exports, we forget the basic rule of international trade.

TRADE ESSENTIAL TO UNITY OF FREE WORLD

Although our foreign trade is important, Mr. President, imports from abroad are still only a small fraction of our total consumption. Yet the American market is of vital and crucial importance to many of our friends and allies.

We often hear some of our orators cry out against any efforts of these nations to trade behind the Iron and Bamboo Curtains. How patriotic such oratory can sound. These same persons are among those who lend their oratorical talents to the attack on President Eisenhower's trade program.

If the nations of the free world—and those which we seek to draw more firmly into the free world—seek to trade with their Communist neighbors, they are threatened with loss of American aid and support, or even worse; yet they cannot trade with use if we interpose protective tariffs and quotas when-

ever imports rise. What are they to do? Are the people of such a nation—of Japan, for example—to sit and starve in misery? Some of the opponents of reciprocal trade seem to envision a world in which our allies would trade only with other peaceful, liberty-loving nations, and never, never ship a potentially competitive product into the United States. I think they want us to wait for the millenium.

But we have faced the necessity of developing, not economic nationalism, as in the 1930's, but rather economic interdependence for the political unity of the free world. Should the Senate change our direction and risk repetition of the disastrous experience of 20 years ago?

EFFECT ON LOCAL INDUSTRIES DESERVES
CONSIDERATION

Mr. President, I too have heard from people in Oregon who fear the results of lower tariffs, and I too am concerned about the impact of imports on particular local industries. It has been pointed out before, but it is worth emphasizing once more, that H. R. 1 is permissive only. It authorizes the President to continue the program of reciprocal negotiations with other nations for selective tariff cuts, but it does not direct him to lower any particular duty. As the distinguished Senator from Illinois [Mr. DOUGLAS] has pointed out, it can hardly be said that the President has overworked the authority given him in earlier extensions of this latitude.

AID TO DISLOCATED INDUSTRIES IS PLEDGED

But beyond that, Mr. President, I shall be glad to support a program by which all of us will share the burden that may be thrown upon particular industries or communities by the withdrawal of tariff protection upon which they had come to rely. Different programs of that type have been proposed by the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Massachusetts [Mr. KENNEDY], by Members of the House, and by other national leaders. I back those programs to aid dislocated industries and trades.

Industries sometimes face hardships through changing conditions, through technological progress, through downswings in the economy, through competition right here at home. But if injury can be traced directly to the results of the foreign trade policies which have been adopted in the belief that they are necessary in the total national interest, I think the whole Nation can also assume some of the responsibility for helping the workers, owners, and communities dependent on that industry to make the adjustment necessitated by the Nation's trade policies.

In conclusion, Mr. President, I think it has been demonstrated that what our national welfare demands is more trade, not less trade. I hope that the authority to continue the reciprocal-trade program, which the passage of H. R. 1 will provide, will be wisely used to attain that objective. I support President Eisenhower in his reciprocal trade program. In so doing, I am keeping a positive pledge which I made to the people of

Oregon during the senatorial campaign of 1954. It was a nonpartisan pledge, and I am honoring that pledge today on the Senate floor.

I thank the majority leader.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The bill is open to further amendment.

ANY EXTENSION TRADE AGREEMENTS ACT SHOULD
EXPIRE AFTER 1 YEAR—JUNE 12, 1956

Mr. MALONE. Mr. President, I move that section 2 of H. R. 1 be amended by striking the date, June 30, 1958, on line 9, page 1, of the printed bill and substituting therein the date June 12, 1956.

The purpose of my amendment is to limit the extension of the Trade Agreements Act to 1 year following its present expiration date of June 12, 1955.

Section 2 would then read:

SEC. 2. The period during which the President is authorized to enter into foreign-trade agreements under section 350 of the Tariff Act of 1930 (19 U. S. C., sec. 1351), is hereby extended from June 12, 1955, until at the close of June 12, 1956.

The act would then expire on June 12, 1956.

Section 2, if unamended, will extend the life of this highly controversial act beyond the life of the present Congress, and possibly beyond the life of this administration.

This Congress should not commit the Government of the United States to a foreign-trade program beyond the life of the 84th Congress. Therefore, I ask the adoption of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada, on line 9, page 1.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

CONFINE APPLICATION OF THE 1934 TRADE
AGREEMENTS ACT TO THE WESTERN HEMI-
SPHERE

Mr. MALONE. Mr. President, if H. R. 1, extending the 1934 Trade Agreements Act, should pass, the application of the act should be confined to the Western Hemisphere.

CAN BE DEFENDED AND MADE SELF-SUFFICIENT

Mr. President, the Western Hemisphere can be defended and can be made self sufficient in the production of the critical materials, which we need to fight a war or to live in peace.

Therefore, Mr. President, I move that H. R. 1, section 3, page 2, be amended to add the words "in the Western Hemisphere" wherever the words "foreign market", "foreign country", or "foreign governments" appear; and that section 3 (B) on page 3 be amended to include the words "in the Western Hemisphere" following the words "foreign trade agreements" and "foreign trade agreement" in lines 19 and 21.

Section 3 (a), on page 2, line 4, would be amended by adding after the word "markets", the words "in the Western Hemisphere."

On line 17, page 2, after the word "country", the words "in the Western Hemisphere" would be added.

On page 2, line 22, after the word "governments", the words "in the Western Hemisphere" would be added.

Section 3 (B), on page 3, would be changed, so that on line 19, after the word "agreements" the words "in the Western Hemisphere" would be added.

On line 21, page 3, after the word "agreement", the words "in the Western Hemisphere" would be added.

Section 3 (a) (1) and section 3 (a) (1) A and B would then read as follows:

SEC. 3. (a) Subsection (a) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is hereby amended to read as follows:

"(a) (1) For the purpose of expanding foreign markets in the Western Hemisphere for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other important restrictions of the United States or any foreign country in the Western Hemisphere are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

"(A) To enter into foreign trade agreements with foreign governments in the Western Hemisphere or instrumentalities thereof: *Provided*, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

"(B) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements in the Western Hemisphere, as are required or appropriate to carry out any foreign trade agreement in the Western Hemisphere that the President has entered into hereunder."

Mr. President, I ask that my amendment be adopted.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. MALONE. I have yielded.

1934 TRADE AGREEMENTS ACT CONFINED TO
WESTERN HEMISPHERE

Mr. RUSSELL. Do I understand the purpose of the Senator's amendment is to confine any agreements made to countries in the Western Hemisphere?

Mr. MALONE. That is true, because the Western Hemisphere can be defended and made self-sufficient in the production of all the critical materials necessary to fight a war or live in peace.

Further, I would say to the distinguished Senator from Georgia, if we have any trade future it is in South and Central America and in Canada—it is not in old Europe.

Mr. RUSSELL. The Senator's amendment would limit the power of the President to negotiate agreements with any countries in Europe or Asia. Is that correct?

Mr. MALONE. That is correct. It makes no sense to divide our markets with the manufacturing and processing nations of Europe since anything they sell us we simply produce that much less for the most part, and they never have kept the spirit of any so-called trade agreement made with them.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Nevada to section 3 of the bill, on pages 2 and 3.

The amendments were rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Utah [Mr. BENNETT].

Mr. BENNETT. Mr. President, I had prepared a brief statement which I wished to deliver before the debate on the bill was closed, but the hour is late, and I therefore ask unanimous consent to have my statement printed in the body of the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BENNETT

I am deeply concerned about the problems created for vital industries of my State of Utah by the threat of excessive imports. All of the important industries discussed here today—coal, oil, lead, zinc, and fluorspar are produced in Utah—and all are necessary to the national security.

There is no President on whom the responsibility for national security has rested more definitely than it does on President Dwight D. Eisenhower. Because of his demonstrated excellence in the military field and his sincere devotion to his country's safety and welfare, we have never had a President to whom these vital problems could be more surely trusted.

I am not sure that he will not jeopardize any essential domestic industry in his efforts to develop our foreign relations. He has already demonstrated that in his program for the lead-zinc industry, which I presented to the Senate earlier today. At the same time, and by the same example, he has shown that he needs—and will wisely use—a wider list of possible solutions than those represented by tariffs and quotas. This bill gives him such a latitude.

I am sure that the people of Utah share my feeling of confidence in our great President. I know they want him to have every opportunity to solve these problems in that way which he believes will contribute also to improved foreign relations. And I know he would be the first to ask for new programs if these do not succeed.

As a member of the Finance Committee I participated in the sincere attempts to work out this bill. Therefore I am supporting it—hoping it will prove adequate—knowing that we can correct it if it does not.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Utah [Mr. WATKINS].

Mr. WATKINS. Mr. President, I had prepared a statement on the merits of the bill. Rather than read it, I ask unanimous consent to have it printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WATKINS

Mr. President, on February 25, I submitted proposed amendments in the nature of a substitute for H. R. 1 to the Senate, and on March 16, I appeared before the Senate Finance Committee for the purpose of urging the committee to adopt these proposed amendments.

On both occasions, I reviewed the history of the tariff-making procedure of the United States, and, as I stated on both occasions, this careful review led me to the conclusion that with the passage of the Reciprocal Trade Agreements Act of 1934, the Congress began the gradual disintegration of its control, except in theory, over the tariff-making procedure. That is still my opinion and firm conviction.

I favor most of the amendments adopted by the Finance Committee which I believe improve the bill. In a moment I shall discuss these amendments more in detail, but before doing so, I wish to make some general observations with respect to our trade and tariff policy.

First, I want to make it plain that H. R. 1, which constitutes the essence of the so-called trade, not aid, program, is not a panacea for the economic ills of the world. Why? Because the United States is not now a high-tariff country. Our average tariff rate, as measured by the percentage of customs receipts to total imports, is the lowest that it has been in this century. There are indeed few nations whose record is as good on this basis of calculation. As Dr. Jacob Viner, professor of economics, Princeton University, told the Joint Committee on the Economic Report, of which I am a member: "In the past 20 years, there have been substantial reductions in our tariff rates, and, because of inflation, there has been also a substantial reduction of the ad valorem equivalents of the specific duties of our tariff" (hearings, p. 991).

Now, H. R. 1 is based upon the concept of reciprocity, which Webster defines with respect to international trade as being "that relation or policy as to trade, or other interests between countries under which special advantages are granted by one side in consideration of special advantages granted by the other."

Pursuance of this theme, President Eisenhower concluded, in his address on April 26 at the Associated Press luncheon in New York City, is absolutely essential if we are to "hasten the achievement of both our great goals—peace among the nations; a widely shared prosperity at home."

But what does the record show with respect to reciprocity by foreign countries? Are they actively engaged in the reciprocal reduction of tariffs and other trade business? A 6-month review of clippings from the publication Foreign Commerce Weekly raises considerable doubt that other nations are as actively engaged in reducing trade barriers as is the United States.

During this period the following 24 countries increased or imposed tariffs or other trade barriers upon imports from the United States: Australia, Canada, Colombia, Cuba, Denmark, Ecuador, Ireland, Italy, Japan, Lebanon, Libya, Mexico, El Salvador, France, Germany, Guatemala, Great Britain, India, Pakistan, Panama, Peru, Philippines, Republic of China and South Africa.

Only last Monday, the date we began debate upon H. R. 1, the following notices appeared in the Foreign Commerce Weekly, published by the Department of Commerce:

"PAKISTAN ACTS TO AID PLASTICS INDUSTRY"

"The Government of Pakistan has adopted measures assuring protection to the local plastics industry for 3 years, ending March 1958. Additional duties have been levied on various plastic items. These and total duties, shown in parentheses, in percent ad valorem, are as follows:

"Ceiling roses and pendant holders made mainly or wholly of plastic material, 5 (50).

"Switches, excluding switchboards, made mainly or wholly of plastic material, 24 (60).

"Plugs and cutouts made mainly or wholly of plastic material, 14 (50).

"To assure local industry that existing duties will not be lowered in the next 3 years, the tariff classifications of a number of products have been changed from 'revenue' to 'protective.' These include combs, hair slides, and grips made of plastic material; complete fountain pens; ball-point pens; bangles made of plastic material; all kinds of brushes; and soapboxes, buttons, and conical tubes made of plastic material.

"Other measures have also been taken to assist the industry."

"PHILIPPINES PUTS BAN ON READY-MIXED PAINT"

"The Central Bank of the Philippines has banned import of ready-mixed paints by cancelling allocations of foreign exchange assigned importers of this commodity.

"Simultaneously, ready-mixed paints were reclassified by the bank from the nonessential consumer goods category to the unclassified category—a change which in effect suspends imports of the commodity, inasmuch as foreign exchange is not allocated for import of goods in the latter category."

This is a far cry from the two-way trade, which President Eisenhower characterized in his address last week to the Associated Press as being "a broad avenue by which all men and nations of good will can travel toward a golden era of peace and plenty."

Yet, low-tariff advocates, in their endeavor to sell the American public a so-called liberal trade policy, have made the tariff policy of the United States virtually a scapegoat for the economic troubles of the world. It is, in my opinion, about time that the nations of the world put a halt to the wholly unjustified practice of making the United States the world's economic whipping boy.

It is evident, since United States tariff rates are already at extremely low levels, that further reductions cannot possibly have the great stimulating effect which many proponents of H. R. 1 claim will be the case. The world's economic ills will not be solved, or even appreciably relieved, by any conceivable tariff action which may be taken by the United States.

This statement is amply supported by evidence given by experts to the House Ways and Means and Senate Finance Committees, as well as the Joint Committee on the Economic Report. For example, Willard L. Thorp, former Assistant Secretary of State for Economic Affairs under President Truman, and now director, Merrill Center for Economics, Amherst College, put it this way to the Joint Committee on the Economic Report:

"I cannot feel that there would be major changes that would create a great volume of trade. The American economy will be one in which 90 percent, shall we say, of our goods and services will be produced within the United States" (hearings, p. 883).

Dr. Jacob Viner was even more adamant in stating to the joint committee that "the amount of change that complete free trade would make in the American economy is not very large. I fear that the amount of gain the American economy can make out of free trade has fairly narrow limits. I fear it only in this sense: The amount of good we can do to the rest of the world through free trade is limited, and the amount of good we can get for ourselves from that

avenue, as against the benefits we can get from other avenues of good government, is also limited" (hearings, p. 969).

But although lower United States tariff schedules are not a panacea for the world's economic difficulties, they can very easily be the demise of many of our domestic industries, which primarily due to higher labor costs, just cannot compete with foreign imports enjoying cheaper labor and water transportation costs.

A great number of these domestic industries are engaged in the production of raw materials, such as our metals, petroleum and agricultural products, which must be processed. Yet it is exactly these types of commodities which make up the vast bulk of our imports. In this connection, Mr. Nathaniel Knowles, Jr., Acting Deputy Director, Bureau of Foreign Commerce, Department of Commerce, told the Joint Committee on the Economic Report that "some 70 percent of our exports consist of manufactured goods shipped in substantially the forms in which they are finally utilized abroad. * * * Our imports, in contrast to our exports, consist preponderantly of raw materials and crude foodstuff requiring extensive further processing before entering into consumption channels. * * * Less than one-fifth of our imports enter the country as substantially finished products" (hearings, p. 930).

Now, with these facts in mind, it is not difficult to see why the export-minded segments of our economy not only do not fear lower tariff rates on imports but actually favor them. First, foreign imports provide a cheap source of raw materials. Second, with our great advantage in the techniques of industrial production, they have little to fear from competitive imports.

As Dr. Arthur Upgren, dean, Amos Tuck School of Business Administration, Princeton University, told the Joint Committee on the Economic Report a few weeks ago:

"The barrier to a great inflow in imports is largely the \$160 billion investment of American plant in new industry.

"With that huge investment American industry would generally meet the price conditions which would be imposed by tariff reduction. What I am saying here is that the proposal of trade, not aid, about a year or two ago, could not have accomplished but a very small amount of the achievement that was dramatized by the visit of two members of the British Cabinet. This was important, but we should not try to persuade the American people that we can do so much more than is possible" (hearings, p. 891).

Actually, one is led to suspect that this drive for a so-called trade, not aid, program is an argument that has been advanced not because it will cure the economic ills of the world, but because it serves better the interests of the export-minded segments of our domestic economy. Commodities which enjoy an appreciable export market, it would appear, are in a far better position to be considered for tariff reductions under the trade agreements program than are our raw material industries. This would probably include, for example, automobiles and special high-grade-production machine tools. Yet the protection afforded to the steel and automobile industries by way of comparison with lead and zinc, a raw material, is relatively much greater.

Simultaneously, however, with the reduction of United States tariff rates, to about half of what they were in 1930 by the Executive under the trade-agreements program, there arose a growing volume of protest from certain segments of American industry. The complaints have charged that such negotiated agreements contained tariff and other concessions which resulted not only in American producers losing domestic markets but also in the demise of American industries. And as the years have gone by this conflict

has grown and magnified, producing in its wake voluminous but conflicting opinions and literature on the subject of trade agreements.

As I indicated in my remarks to the Senate on January 25, 1954, I am in general agreement with President Eisenhower's statement in his special message on foreign economic policy to the effect that all nations should mutually undertake the lowering of unjustified barriers to trade "on a mutual basis so that the benefits can be shared by all." But, as I said on that occasion, the "all" who share in those benefits must include those efficient domestic industries which are operating in the face of ruinous and disadvantageous competitive conditions with foreign imports. Our experience to date, however, seems to indicate that certain revisions in the trade-agreements program are necessary if these two objectives are to be realized.

An analysis of escape-clause applications and their administrative disposal will make this quite clear. The escape clause, as you undoubtedly know was not an original part of the Reciprocal Trade Agreements Act. Rather, it was the product of extensive liberality in granting tariff and other concessions by the executive branch under the trade-agreements program and the result of increasing protest by American industries adversely affected by excessive imports. The function of the escape clause is, of course, to compromise the conflict which arises between the need and desirability of freer international trade and the need for protecting defense and certain other industries fundamental to the economies of certain sections of the United States, the customs and traditions of our people, and for maintaining safeguards which protect wages, industry, and agriculture.

The early trade agreements negotiated under the Reciprocal Trade Agreements Act of 1934 contained no general means of providing realistic relief if a particular concession proved unexpectedly injurious to a domestic industry. Although escape clauses had been contained in bilateral-trade agreements since 1941 and in the General Agreement on Tariffs and Trade since 1947, it remained for the Congress, because of the difficulty of foreseeing the contingencies that might arise, to make the inclusion of an escape clause in new trade agreements a statutory requirement. This was accomplished in 1951 by the passage of the Trade Agreements Extension Act.

The facts, however, indicate that the executive branch of the Federal Government and the United States Tariff Commission have not, in general, interpreted and administered the escape-clause provisions as the Congress so intended. First, it is interesting to note that of 56 applications, which were filed during the period 1948-54, the Commission recommended relief in only 12 instances, all but 2 of which involved only products of minor importance.

But why only 12 favorable applications? In part, because the Congress has failed to establish definite criteria for the Commission to follow in arriving at decisions. But primarily it is because the Commission in considering the effect of increased imports on production, profits, and employment has consistently held that an industry is deemed to include, for purposes of escape-clause relief, all the operations of the constituent firm making the application, rather than only those operations that are directly related to the production of the product identified in the escape-clause application.

This interpretation has directly served to nullify the intent of the Congress to give needed tariff relief.

Second, how close has the President followed what we must presume to be the expert recommendations of the Tariff Commission? Of the 12 favorable Commission recommen-

dations I mentioned a few moments ago, 7 were unanimous decisions and 1 was a 3-to-2 decision.

Yet, in only five instances did the President follow the recommendations of the United States Tariff Commission. These 5 favorable actions by the President involved the following 4 products, which the Commission unanimously believed needed relief. They included: (a) Women's fur felt hats and hat bodies; (b) hatter's fur; (c) dried figs; (d) alsike clover seed.

The other product—watches, movements, and parts (second investigation)—involved a favorable recommendation decided by a 4-to-2 vote of the Commission.

In three other cases the President refused to grant relief even though by unanimous vote the Tariff Commission had recommended such action. These even included a decision with respect to lead and zinc which are strategic raw materials and which the Office of Defense Mobilization believes is an industry we must preserve. Likewise, he refused to grant relief with respect to three 4-to-2 decisions and one 3-to-2 decision of the Tariff Commission.

In these cases, despite the recommendation of the Tariff Commission, an expert body, the President held to the contrary, for reasons which seemed satisfactory to him, that serious injury to the domestic industry had not been established. This record has convinced me that the executive branch has consistently and deliberately ignored the intent of the Congress in its administration of the escape clause provisions. Congress intended that mechanism to be used by the executive branch to grant relief to domestic industries injured by the excessive importation of competing commodities due to tariff or other concessions obtained by foreign competitors through trade agreements which we had concluded with their governments.

Because the facts simply indicate to me that the intent of the Congress has been ignored, I appeared before the Finance Committee in mid-March to offer for their consideration a series of amendments to H. R. 1, which I believed essential to the welfare of this country. I am indeed happy to note that the Finance Committee has accepted most of those amendments in substance which briefly are as follows:

First, section 3 (a) while authorizing the President to enter into foreign trade agreements, provides that the enactment of H. R. 1 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade. This matter, therefore, will be deleted at a future date on its own merit, if any, as should be the case.

Second, section 3 (d) requires the President to submit to the Congress an annual report on the operation of the trade agreements program. It also directs the Tariff Commission to keep informed concerning the operation and effect of provisions relating to duties or import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the Executive, and to submit to the Congress at least once a year a factual report on the operation of the trade agreements program.

Third, section 6 (a) provides, as a criteria for escape-clause action, that increased imports, either actual or relative, are to be considered by the Tariff Commission in escape-clause proceedings, as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury, or the threat of serious injury, to the industry making application for relief.

Fourth, section 6 (b) provides that where a particular business enterprise is engaged

in operations involving more than 1 such industry, or more than 1 such segment of a single industry, the Tariff Commission shall distinguish or separate, so far as practicable, the respective operations of such business enterprise for the purpose of determining import injury, and that for purposes of recommending relief the domestic industry shall be held to include only those operations that relate directly to the production of the products under investigation.

In addition, it is interesting to note that section 7 of H. R. 1 as reported by the Finance Committee provides that whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President. Then if the President agrees that there is reason for such a belief, he will cause an immediate investigation to be made to ascertain the facts. If the investigation substantiates the existence of such facts, then he is authorized to adjust the imports of such article to a level that will not threaten to impair the national security.

Whether this so-called vital industry amendment becomes a reality or not depends upon the sincerity with which it is administered by the President and his staff. Because of this fact, I want to briefly review the lead and zinc experience to date and then to make some specific observations with respect to what my course of action will be unless this vital industry is given immediate assistance.

During the Korean war, foreign production of lead and zinc was greatly increased through the support of American aid and by comparatively high domestic prices during a period when domestic production was restricted by price controls. After the war as a result, excess foreign lead and zinc supplies have continued to flow into our domestic markets at prices well below the average cost of domestic production.

Mr. Otto Herres, chairman of the National Lead and Zinc Committee, told the Finance Committee, during the course of its hearings on H. R. 1, that "such action has made marginal mines out of once prosperous properties." In the spring of 1953, the mining industry was advised to seek relief through the escape clause provisions of the Trade Agreements Act rather than by legislative means.

The Senate Finance Committee, as well as the House Ways and Means Committee, were sufficiently impressed with the problems of the lead and zinc mining industry at that time to direct the United States Tariff Commission, pursuant to the respective resolutions of July 27, 1953, and July 29, 1953, to initiate a general investigation of the industry, including the effect of imports of lead and zinc on the domestic prices and employment.

On May 21, 1954, the Tariff Commission unanimously reported to the President that the importation of lead and zinc was in such quantities as to cause serious injury to the domestic industry. In order to correct the problems, the Tariff Commission recommended that " * * * the rates of duty 50 percent above the rates existing on January 1, 1945 * * * be imposed for an indefinite period."

The President, however, for what were sufficient reasons to him, did not follow the expert recommendations of the Tariff Commission. Instead, on August 20, 1954, the Government initiated a long-term stockpiling program for lead and zinc. And although, by this action, the President recognized in effect that the excessive importation of lead and zinc had injured the mining industry, the results to date indicate that it has not appreciably improved the situation.

Since August 1954, the price of zinc has advanced only 1 cent, from 11 cents per pound to the April quotation of 12 cents. Why? Primarily, because unlimited imports of zinc and slab zinc have continued to flow into this country. As Mr. Otto Herres, chairman of the National Lead and Zinc Committee, told the Finance Committee:

"For the year 1954 on an average of 41,460 tons of zinc a month from foreign ores in addition to an average of 13,444 tons of imported slab zinc, a total of 54,904 tons, entered United States consumption while the output of the mines at home was dropping to an average of 38,750 tons.

"Excessive imports of foreign ores have been taking over a larger proportion of United States smelter production at the expense of the Nation's mines. Domestic mine output of zinc consequently has been reduced to less than 39,000 tons a month from an average of 60,000 tons a month in early 1952. Smelter production of zinc is at an all-time high while mine output of lead and zinc is the smallest since the depression years, 1931-34."

That stockpiling has not accomplished the purpose it was intended to achieve, is evident from the testimony given by the Office of Defense Mobilization on March 29, 1955, before the subcommittee on Mines and Mining of the House Interior Committee. In response to a question by Representative ASPINALL as to whether the American mining industry was in a better position today to furnish strategic materials and metals in case of an international conflict than a year ago, an official spokesman of Office of Defense Mobilization replied that while such was the case with respect to some industries, the lead and zinc industry was on the brink of going to the wall and that something had to be done to prop it up.

To the extent that stockpiling does increase the domestic price of lead and zinc, it seems to serve as a magnet in attracting foreign imports in much the same way as the rigid 90 percent farm price support program has attracted the importation of agricultural commodities. But whereas the American farmer can rely on section 22 to limit imports, the lead and zinc industry has only had the escape clause provision, which the executive branch has declined to invoke.

Now, personally I believe that the Congress should at this time return to itself a larger share of the direct responsibility for our tariff-making policy in those areas of intense conflict which has been generated by the trade agreements program. Specifically, I refer to an amendment I proposed on the occasion of my mid-March appearance before the Senate Finance Committee.

This amendment would have made findings of the Tariff Commission final with respect to recommendations for relief under an escape clause proceeding, unless either House of the Congress by an affirmative vote of a majority of its Members passed a resolution stating that it did not favor the plan.

However, I have decided after considerable thought and study not to offer this amendment. I shall instead vote for H. R. 1 with the Committee amendments if adopted, because:

1. I hope and believe President Eisenhower will take quick and affirmative action under the so-called "vital industry" amendment with respect to lead and zinc and other commodities if impartial studies show that they need relief, as has been ably demonstrated in the case of lead and zinc, by the expert findings of the Tariff Commission and the Office of Defense Mobilization.

2. I hope and believe that the members of the Finance Committee will keep an alert and active check upon the administration of this amendment by the executive branch as the remarks of many of its members here during the debates on H. R. 1 have indicated.

But I do take this occasion to serve notice not only upon the Senate but also the Executive branch, that unless affirmative and effective action is taken to protect vital American industries, I shall join with other Members of the Congress in an effort to enact into law the objectives of the amendment I proposed to the Finance Committee, which will return to the Congress effective control over the tariff-making procedure and specifically will make the escape clause provisions effective.

Mr. KNOWLAND. Mr. President, I yield one-half minute to the Senator from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point a telegram which I received from the American Farm Bureau Federation expressing the views of the federation on H. R. 1.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., May 3, 1955.
Senator FRANK CARLSON,
United States Senate,
Washington, D. C.:

American Farm Bureau Federation urgently requests your support for H. R. 1, as recommended by Senate Finance Committee. Extension of Trade Agreements Act will help maintain economic strength of free world and assist in expansion of markets so necessary to welfare of American farmers.

CHARLES B. SHUMAN,
President, American Farm Bureau
Federation.

Mr. BRIDGES. Mr. President, the Finance Committee has reported H. R. 1, with highly important amendments, on which I shall comment briefly.

The Senator from Rhode Island [Mr. PASTORE] and I felt that H. R. 1 required certain changes to preserve the reciprocal and selective principles of the trade agreement program, to achieve the intended protection of American labor and industry from destructive imports, and to eliminate certain new features which appeared to us to be inconsistent with sound legislation. Our intended amendments to this end were ordered printed and referred to the Finance Committee on March 30.

Of the 6 important amendments which we proposed, and 3 in which we joined with 15 other Senators—17 Senators in all—a total of 9 amendments, 8 were accepted, specifically:

First. The Congress' present policies with respect to GATT were preserved; and there is removed any approval by implication of arrangements entered into without the knowledge and consent of Congress.

Second. The so-called basket clause was eliminated so as to place tariff adjustments, up or down, on the selective basis which the President had requested.

Third. Safeguards for national defense industries were written into the bill.

Fourth. The definition of injury was strengthened to make it clearly the intent of the Congress that an injured industry could not be denied due recourse through technicalities.

Fifth. The definition of an industry was clarified so as to permit companies

or segments of industries to receive the due recourse now often denied them.

Sixth. For rate reduction purposes, January 1, 1955 was substituted for July 1, 1955.

Seventh. The special provision for reducing tariffs on negligible import items, was stricken out.

Eighth. The provision that American concessions might be exchanged for third-country concessions for Japanese goods, was stricken out.

Only one important proposal made by us—namely, that the findings of the Tariff Commission be made more binding than is now the case—failed of adoption.

It is, of course, gratifying to the Senator from New Hampshire and to the distinguished Senator from Rhode Island [Mr. PASTORE] that the amendments which we proposed, which are very important to our section of the country and, we believe, to the country generally, were incorporated in the bill as reported by the Finance Committee. On behalf of the Senator from Rhode Island and myself, I wish to thank the committee for its action.

Mr. President, it is, of course, gratifying that the Finance Committee has concurred in our views and has adopted so much of our amendatory provisions. However, the important point is not our sponsorship, but, rather, the necessity for and effect of these amendments.

Before commenting on specific amendments, I should like to make clear that the amendments are not crippling amendments. On the contrary, they make H. R. 1 more, not less, consistent with our foreign-trade policies. For example, they restore certain statutory language which has been in our trade-agreement law since its inception. They also restore and strengthen certain more recent provisions which experience has shown to be necessary.

The report of the Finance Committee contains this accurate, one-sentence summary:

The bill as reported by the committee continues the trade-agreements program and strengthens the safeguards against serious injury to the country's economy.

The first changes I should like to mention are on page 2, in lines 22–25, and on page 3, in lines 1–14, of the bill. These changes delete new matter, and restore provisions of existing law respecting authority to enter into foreign-trade agreements, and restore the provision rebutting any inference that the trade-agreement extension is to be construed as approving or disapproving GATT.

In my letter of April 15 to the chairman of the Finance Committee, I pointed out why these changes should be made. I stated:

H. R. 1, as it passed the House, includes in its proposed amendment to section 350 (a) language never before included. It specifically authorizes the execution of trade agreements containing "provisions relating to tariffs, to most-favored-nation standards and other standards of nondiscriminatory treatment affecting such trade, to quantitative import and export restrictions, to customs formalities, and to other matters related to such trade designed to promote the purpose

of this section similar to any of the foregoing." This language appears to have been taken directly from GATT and can only be intended as an implied approval of things which have been or may be done under the aegis of GATT, or any similar organization, in spite of express disclaimers as to GATT, made by Congress in past renewals of the Trade Agreements Act. * * *

H. R. 1 as it passed the House, specifically disclaims congressional approval or disapproval of the "organizational" provisions of GATT. Past disclaimers have never been limited to the organizational provisions only. They covered substantive provisions as well.

A second series of changes—to be found on pages 12 and 13 of the bill—are with respect to proof of serious injury to domestic industry. These are of great importance in securing effective protection.

As pointed out in my letter to the chairman of the Finance Committee:

Despite the fact that "increased imports" are listed in section 7 (b) of the Extension Act of 1951 as only one of the factors to be considered by the Commission in determining whether a domestic industry has been injured, a group of Tariff Commissioners has interpreted section 7 (b) as requiring a finding that increased imports are the sole cause of the injury. In the clothespin decision of October 6, 1954, three commissioners based their determination on the conclusion that section 7 (a) "literally" means that "increased imports must in and of themselves be found to be the cause of threat of serious injury before a recommendation for 'escape' action can be justified." The report further says:

Obviously, therefore, the extent of the increased imports must be of such scope and intensity as to be in and of themselves responsible for serious injury (report, p. 35).

This interpretation has apparently been adopted by the President since in many cases where he has rejected Tariff Commission recommendations for relief he has emphasized the fact that increased imports were not the sole cause of the injury to the industry.

Accordingly, it was necessary to have the clarifying amendment that—

Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

As I also stated in my letter:

The term "domestic industry producing like or directly competitive products," as used in the Trade Agreements Extension Act of 1951, has given rise to a number of interpretations in cases presented to the Tariff Commission, and has possibly prevented certain industries from using the escape clause procedure even though they have been injured by concessions. Where an industry produces a large number of items, only one of which is affected by a concession, the Commission has been reluctant to find the existence of injury unless it could be shown that losses on the affected item were so great as to offset profits which the industry may have made in the production of other items.

Accordingly, the adoption of clarifying amendments is necessary, if the intention of Congress is to be preserved, and if domestic products are to be saved from destructive competition.

The testimony before the committee is replete with examples of the fatal effect of foreign competition on various important products, and particularly on new-product development. Accordingly, it was vitally important to include the amendment to be found on page 13 of the bill, which provides that:

(e) As used in this act, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" means that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. Where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury.

The defense amendment on pages 13 and 14 of H. R. 1 is likewise highly important.

As I stated in my letter to the committee:

Section 2 of the Extension Act of 1954 provides that no action may be taken to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements. This is a highly desirable provision but is applicable only to future reductions in import duties. It is of no value in correcting a condition which has arisen because of an existing concession. Lines 9 through 18 on page 4 of the Bridges-Pastore amendments extend this provision to require the President to withdraw or modify past tariff concessions necessary to prevent injury to domestic production needed for projected national defense requirements.

It will be noted that it provides:

(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.

Thus, the defense amendment would apply to trade concessions affecting national defense, whenever negotiated, and would provide for action to whatever extent a situation may warrant.

The principal amendment submitted by the Senator from Rhode Island and myself which was not accepted by the committee contemplated that findings of injury by the Tariff Commission should be binding, and that the President should act accordingly to protect the industry involved, in the absence of overriding factors of national security. I am disturbed by the fact that the staff of the President have frequently disregarded findings by a Commission established by the Congress.

I am disturbed that they have done this, although there is no statutory authority for such action, which frequently can be arbitrary. Something should be done to restrict the actions of those whom the senior Senator from Georgia has referred to as "lovable visionaries." Something should be done to bring practical administration to our trade program. I have no desire to tie the hands of our President in his endeavors, but I do not believe impractical dreamers in the State Department or the executive agencies should be permitted to overrule findings of fact based on extended hearings. If the language on this point in the amendment submitted by the Senator from Rhode Island and me is unacceptable, then, as a minimum, findings by the Tariff Commission as to injury should be made final, leaving it to the President to determine what, if any, action he may see fit to take in the light of other factors.

We in New England recognize that foreign trade is a two-way street. Trade looms large in our economic history. A great majority of people throughout the United States recognize that granting an extension of trade-agreement authority is of key importance at this time, in view of the general situation.

I feel certain that all the safeguarding amendments I have described are consistent with sound trade-agreement principles, and that they go no further than is necessary in carrying out these principles.

To keep the record clear, I call attention to the primary authority of what the President desires, in contrast to what would result from some of the intricate provisions of H. R. 1, except for amendments I have mentioned.

If unamended, H. R. 1 would go far beyond the provisions of H. R. 9474, of the 83d Congress; and with modifications of that bill, as suggested by the President, as I stated in my letter:

The President's letter of February 17, 1955, to the House of Representatives in support of H. R. 1, calls for selective consideration of tariffs, avoidance of serious injury to any United States industry, and an approach which would always keep in mind the welfare of United States industry domestically (as well as the world problems). These factors indicate that the major changes in H. R. 1 and administration policies as previously announced may have been made by the "lovable visionaries" in the State Department without adequate explanation or information to those who have been supporting the bill as written.

I believe that the amendments I have referred to would make H. R. 1 more, not less, responsive to the desire for a sound and realistic continuance of the trade-agreements program.

I feel most deeply that the President does not desire, and the Congress will not enact, legislation which might result in selective destruction of important areas of our domestic industry, and in weakening our economy and our industrial and military potential. I submit that the amendments I have discussed are vital safeguards of American labor and industry, and are consistent, rather than inconsistent, with the furtherance of our

reciprocal international trade on an effective and realistic basis.

I believe that these safeguards coincide with the President's philosophy, as expressed in his letter of February 17, 1955, to the minority leader of the House, in which letter the President stated:

Obviously, it would ill serve our Nation's interest to undermine American industry or to take steps which would lower the high wages received by our working men and women * * * No American industry will be placed in jeopardy by the administration of this measure.

Accordingly, Mr. President, it is my belief that H. R. 1 will be adopted with these amendments, and that they will be agreed to by the House of Representatives.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 1 minute.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed at this point in the body of the RECORD a letter addressed to Representative MARTIN by President Eisenhower, under date of February 17.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,

Washington, February 17, 1955.

The Honorable JOE MARTIN,

House of Representatives,

Washington, D. C.

DEAR JOE: I was concerned to learn from you that there are Members of the Congress who are not wholly familiar with my philosophy respecting H. R. 1 and with my concept of the administration of this program. I send you this letter to eliminate any misunderstanding that may exist.

This point I should like especially to emphasize: Few programs will contribute more fundamentally to the long-term security of our country than the foreign-economic program submitted to the Congress on January 10. This program, built around H. R. 1, will powerfully reinforce the military and economic strength of our own country and is of the greatest importance to the well-being of the free world. The program underlies much of our military effort abroad and promises our people ultimate relief from burdensome foreign-assistance programs now essential to free-world security. It recognizes the creditor status of America in the world and assures leadership of our people in the easing of unjustifiable trade barriers which today weaken all who are joined in opposition to the advance of communism. These considerations underlie my earnest advocacy of H. R. 1. I deeply believe that the national interest calls for enactment of this measure.

I wish also to comment on the administration of this legislation if it is enacted into law. Obviously, it would ill serve our Nation's interest to undermine American industry or to take steps which would lower the high wages received by our workingmen and women. Repeatedly I have emphasized that our own country's economic strength is a pillar of freedom everywhere in the world. This program, therefore, must be, and will be, administered to the benefit of the Nation's economic strength and not to its detriment. No American industry will be placed in jeopardy by the administration of this measure. Were we to do so, we would undermine the ideal for which we have made so many sacrifices and are doing

so much throughout the world to preserve. This plain truth has dictated the retention of existing peril-point and escape-clause safeguards in the legislation.

I want to say further that this same philosophy of administration will govern our actions in the trade negotiations which are to begin next week at Geneva.

You are aware, of course, that by law this program will be gradual in application. A key provision of the bill limits to 5 percent of existing tariff rates the annual reduction in these rates permissible over a 3-year period, and unused authority will not carry forward from year to year. You know, too, that this program will be selective in application, for across-the-board revisions of tariff rates would poorly serve our Nation's interests. The differing circumstances of each industry must be, and will be, carefully considered. The program, moreover, provides for reciprocity, and in the program's administration the principle of true reciprocity will be faithfully applied. Americans cannot alone solve all world-trade difficulties; the cooperation of our friends abroad is essential. With such cooperation, this program provides the means for doing our part to help emancipate free-world commerce from the shackles now holding back its full development.

For the reasons I have here outlined, I hope that H. R. 1, which is so important to every American citizen and to the free world, will receive the wholehearted support of the Congress.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. CAPEHART. Mr. President, had I been present this afternoon when a division vote was taken on the Neely amendment, I would have voted for the amendment.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Massachusetts [Mr. SALTONSTALL].

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 1 minute.

Mr. SALTONSTALL. Mr. President, I wish to commend the distinguished senior Senator from New Hampshire [Mr. BRIDGES] for his analysis of the bill from the viewpoint of New England.

As I stated on Monday, I believe that the bill in its present form will make it possible to enter into reciprocal-trade agreements, and at the same time allow our New England industries to go forward. I hope the peril point and escape clauses will permit the bicycle industry of Massachusetts and any other industries which may suffer to obtain adequate relief. At present, the New England bicycle industry is experiencing serious difficulties because of excessive imports. The provisions of the bill under which proper relief may be afforded must be conscientiously and persistently administered.

Mr. President, I hope the bill as it is now constituted will be passed by the Senate.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the distinguished Senator from Nebraska [Mr. CURTIS].

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 1 minute.

Mr. CURTIS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD, a brief statement by myself.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CURTIS OF NEBRASKA

I have had an opportunity during many years in the Congress to work very closely with the formulation of our reciprocal-trade program. I believe, as do my colleagues, that trade which is economically advantageous to the United States is a very sound objective. However, we have witnessed the United States during 20-odd years of trade regulations make firm concessions to nations desiring our trade and receive, in return, only paper concessions. Alternatives, such as the well-known balance of payments, plus certain customs controls and licensing practices have made it most difficult for American exporters to obtain the same degree of good faith which we have extended, under our agreements, to foreign exporters.

As I view the bill reported by the Senate committee, language has been incorporated to remedy many of our past mistakes. A firm bargaining attitude on the part of American representatives at trade meetings, plus a careful policing under the terms of the bill reported by the Senate Finance Committee, can keep us on a par with foreign nations seeking our trade.

I come from an agricultural State and know that every effort must be made to find markets for an abundance of agricultural products. I realize, that at the same time, the American farmer and the American wage earner must be fully protected from foreign production which is unfairly competitive due to low wage scale and other local circumstances. As I point out, I view the bill before us as having incorporated more of the means of self-protection than the previous acts. I will urge upon appropriate Committees and Executive Agencies a very careful surveillance on future trade. If the powers granted by the committee bill are not prudently exercised, I feel that extensions beyond the term proposed by this legislation will take a vastly different shape.

Mr. KNOWLAND. Mr. President, I yield 15 minutes to the Senator from Indiana [Mr. JENNER].

The PRESIDING OFFICER. The Senator from Indiana is recognized for 15 minutes.

Mr. JENNER. Mr. President, I have given long and careful thought to how I should vote on H. R. 1, providing for extension of the Trade Agreements Act.

This bill has been approved by the Senate committee charged with studying its provisions. This is a very able committee whose members are unusually well informed and hard working.

I am, nevertheless, reluctantly obliged to vote against the bill. Later, I shall give my specific objections to it; but they are applications of two principles which have guided me in my votes on many issues.

First. The bill delegates to the executive branch the legislative authority of the Congress. I am compelled in conscience to vote against any bills which give to the President or any subordinate of the executive branch the powers specifically assigned to Congress by the Constitution.

Second. The bill continues the practice of meshing American governmental actions into international superagencies which operate above our laws and above the Constitution. I am compelled in conscience to vote against any bill which increases or even perpetuates machinery

to make our Government into a spoke in the wheel of world government.

Specifically my objections are as follows:

First. The bill transfers to the President the power to lay and collect tariffs and regulate our commerce with foreign nations, which power the Constitution gives solely to Congress.

Second. The bill permits the President to transfer his authority to subordinates. This is exercise of the legislative power by appointed officials who have received no mandate from the people. The distinguished Senator from Wyoming [Mr. O'MAHONEY] is to be congratulated on the fine presentation he made this afternoon of this very point.

Third. The bill permits the President or his subordinates to transfer this delegated power to international agencies such as GATT. This means that Congress would be a party to subjecting American citizens and American commerce to decisions made by international officials, who not only have no mandate from our voters, but are not subject in any way to our Constitution and our laws.

Fourth. The power of the President to transfer his delegated authority to international agencies is by this bill not only continued but actually increased.

Fifth. The international regulations and administrative machinery of GATT to which we may be committed have never been submitted to Congress for approval or rejection.

Sixth. The bill as drawn commits the next Congress, not yet elected, to this abrogation of its powers and duties under the Constitution. This deprives our people of their right to change our policies in a future election.

Seventh. The bill permits three successive reductions in our tariffs, amounting 15 percent, although we have been steadily lowering tariffs for years, and now have tariffs lower than most other nations of the world.

Eighth. Other countries have not reciprocated by lowering the barriers to American goods. They maintain barriers against American goods through exchange controls and other machinery devices, which have actually increased since we began the program of reciprocal-trade agreements.

Ninth. Mr. President, as was pointed out this afternoon by the distinguished Senator from West Virginia [Mr. NEELY], the distinguished Senator from Kentucky [Mr. BARKLEY], and other distinguished Members of the Senate, the bill would disastrously affect certain industrial and geographical areas, causing economic slum areas in the United States, for the workers, and for businesses dependent upon local industrial activity.

Tenth. The bill would circumvent congressional authority to limit importation of farm products. It would enable the executive branch or foreign governments to negate our farm legislation.

Eleventh. The bill would tend to shift trade in materials which may be vital in war, to areas near the Communist world, over a long and dangerous haul, if war broke out. The bill neglects possible

trade with areas in this hemisphere where the haul in wartime would be shorter or less exposed.

Twelfth. The bill is not a trade bill. It is a foreign-policy program. It represents the growing tendency of the State Department to exercise power over Cabinet departments and governmental areas which should be equal to, not subordinate to, State Department officials and their recommendations.

Thirteenth. This State Department policy rests on a basic fallacy in interpreting world economic problems. The markets for Western Europe were in Eastern Europe and in Asia. The Soviet Union struck at Europe, by amputating its markets. Our foreign-policy makers tried, first, to fill the gap by giving billions of dollars to Europe as mutual aid. When that program failed, they tried to cover the failure by the slogan, "trade, not aid." At best, it will help Europe enter well-supplied markets, by lowering the standard of living of American workers. But there is no evidence that this sacrifice of American living standards would solve the real problem, which is the opening of the natural outlets for European manufacturers. Those outlets are the unindustrialized nations of central Europe and Asia.

Fourteenth. The same difficulty applies to Japan. Japan's economic life was badly shattered by permitting the fall of China and parts of Indochina to the Communists. This program would fill the gap by increasing Japanese imports to this highly industrialized area. The lowering of the American standard of living and the growth of economic slums in this country would do practically nothing to replace the natural trade between industrial Japan and an unindustrialized Asia.

Fifteenth. This State Department policy puts forward another, even more dangerous, fallacy in its claim that lowering American tariffs and standards of living will lead to peace.

The way to test this program, Mr. President, is to look at the record. This program was initiated in the early thirties, with a plea that it would increase world trade and strengthen peace. Let us ask what has happened to peace since Mr. Hull first tried to lead the United States down the road of one-sided self-sacrifice for the sake of peace. Has there ever been a time in history when we had less peace?

The doctrine of tariff reductions did nothing to stop the war plans of Mussolini or of Hitler. It did nothing to soften the militancy of the Communist government. It did nothing to change British reliance on social welfare panaceas imported from the continent, instead of old-fashioned British commercial enterprise. It did nothing to halt Japan's pursuit of military self-sufficiency. Japan sold us cheap goods and hoarded our scrap iron, to make the bullets she fired at the Chinese, and later at us.

Since 1945, the State Department's economic policy has been directed with increasing fervor to lowering the American standard of living so European nations could live on gifts. It spent billions to shore up the economy of Europe at

our expense, without once studying the basic problem. Have we had peace? Has our sacrifice helped Europe or the United States to end its spending on armaments, its preparation for atomic war?

H. R. 1 is a bill to perpetuate the dream world of false economics which we entered on in 1933, and to strengthen the dangerous reality of international control, which we have submitted to with diminishing resistance since World War II accustomed us to the straitjacket.

I do not know when the Congress will cast aside this rosy illusion of politically managed trade and this dangerous superstructure of international controls. I know the people are waking up. I know the Congress will soon see where we are going. I know these controls and this political management of trade will be ended. Though only a few votes may be registered on our side today, I am confident the wisdom of our people and our Congress will soon free us from this false doctrine. I know we shall turn back to the road of private enterprise and nonpolitical trade on which our greatness rests.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

PRESIDENT MAY TRADE ANY SECTOR OF THE DOMESTIC ECONOMY

Mr. MALONE. Does the Senator from Indiana understand that under the 1934 Trade Agreements Act, as proposed to be extended by House bill H. R. 1, the President may trade any sector of the domestic economy for an international political arrangement?

Mr. JENNER. I do. That is another reason why I am voting against it.

PRESIDENT'S DECISION IS FINAL

Mr. MALONE. A further question if the Senator will yield. Regardless of any amendment which may have been placed in the bill—H. R. 1—extending the 1934 Trade Agreements Act, is it not fully understood that the judgment of the President, or of the official to whom this power is delegated, is final, regardless of any peril point, escape clause, or any other safeguard?

Mr. JENNER. That is exactly correct. The Senator from Wyoming [Mr. O'MAHONEY] brought it out very clearly today. We are sitting here tonight whittling away the powers of the Congress, and actually violating our oaths as Senators.

AMENDED THE CONSTITUTION BY SIMPLE ACT OF CONGRESS

Mr. MALONE. One further question if the Senator will yield. Does the Senator understand that through this bill—H. R. 1—we are extending an act—the 1934 Trade Agreements Act—which tied the regulation of the domestic economy and foreign trade, and the fixing of foreign policy, when, as a matter of fact, the Constitution of the United States definitely and pointedly separated the two by placing in the hands of the legislative branch, in article I, section 8, the adjustment of the duties, excises, and imposts which we call tariffs, the regulation of the domestic economy and of foreign trade; and in article II, section 2,

placed in the Executive the power to regulate foreign policy?

I ask the distinguished Senator from Indiana if the Congress did not, through the passage of the 1934 Trade Agreements Act, amend the Constitution of the United States by a simple act of Congress and transfer to the President their constitutional responsibility to regulate the domestic economy and foreign trade?

Mr. JENNER. I believe that has been made perfectly clear; but, so far as the constitutional duties of this body are concerned, I think we might as well have before us the Almanac, and let Senators read that.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. MALONE. Mr. President, may we have another minute?

Mr. KNOWLAND. Mr. President, I yield 1 additional minute to the Senator from Indiana.

REFUSE OTC AND GATT GOES ON

Mr. MALONE. Does the Senator understand that, while there has been discussion in the newspapers to the effect that the question of the organization under the General Agreement on Tariffs and Trade at Geneva is coming before the Congress, as a matter of fact, what has been introduced in the House is a bill which would reorganize GATT, under the new name of the Organization for Trade Cooperation—OTC—and that if we approve the Organization for Trade Cooperation we approve the General Agreement on Tariffs and Trade—GATT—but that if we refuse to approve OTC, GATT will go on as before since, as the Secretary of State testified before the Senate Finance Committee, the 1934 Trade Agreements Act itself authorized the formation of GATT, and H. R. 1 extends that authority.

Mr. JENNER. That is correct, because it is in the original law.

Mr. MALONE. I thank the Senator.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the senior Senator from Maine [Mrs. SMITH].

Mrs. SMITH of Maine. Mr. President, I wish to express my great satisfaction in seeing today the amazing shift of support to the "peril point" provision—a provision defecated not too many years ago. We peril-point advocates welcome the new converts to our side.

Mr. KNOWLAND. Mr. President, I yield 2 minutes to the senior Senator from North Dakota.

Mr. LANGER. Mr. President, the act which we are asked to extend has proved disastrous to the farmers of the Nation. I see nothing in the measure which we are considering which would help the farmers. On the contrary, in my opinion it would hurt them.

My reasons are pretty well set forth in the hearings held before the Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary on importations of rye and barley. The reasons for my voting against this measure are clearly indicated therein. I ask unanimous consent that

the transcript of the hearing may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the transcript of hearing was ordered to be printed in the RECORD, as follows:

IMPORTATIONS OF RYE AND BARLEY
(Wednesday, September 23, 1953)

UNITED STATES SENATE,
SUBCOMMITTEE ON ANTITRUST AND
MONOPOLY OF THE COMMITTEE
ON THE JUDICIARY,
Washington, D. C.

The subcommittee met at 2:30 p. m., in room 424, Senate Office Building, Hon. WILLIAM LANGER (chairman) presiding.

Present: Senator LANGER.

Also present: Thomas B. Collins, subcommittee counsel.

The CHAIRMAN. The meeting will come to order. You may proceed, Mr. Collins.

Mr. COLLINS. Senator LANGER, this is a hearing called to develop information relative to the importation of Canadian rye into the United States.

Our chairman has specifically requested the staff to obtain some information regarding the necessity of having a permit to import rye into the United States, and, if there are such permits, to ascertain what Government department issues the permit and the firms that have received permits within the last year or so, and the quantities of rye that have been imported by these firms using the permits.

Mr. Chairman, we have with us Mr. Walter A. Davidson of the Federal Feed Act Division of the Department of Agriculture, who is familiar with the importation of seed rye. I think that Mr. Davidson can give information that would be helpful on this subject that we are studying.

We also have present Mr. Douglas Bagnell, who is with the Commodity Exchange Authority here in Washington, D. C.

STATEMENTS OF WALTER A. DAVIDSON, FEDERAL SEED ACT DIVISION, DEPARTMENT OF AGRICULTURE; AND DOUGLAS BAGNELL, COMMODITY EXCHANGE AUTHORITY, WASHINGTON, D. C.

The CHAIRMAN. We will be delighted to hear from you, Mr. Davidson.

Mr. COLLINS. You might cover first of all, Mr. Davidson, whether there is any need today for a permit to import rye into the United States. My understanding is that since there are no controls on rye at the present time and no quotas, therefore there is no necessity for a permit, as such?

Mr. DAVIDSON. That is right.

So far as the word "permit" is understood to be something comparable to the permits now issued for the importation of seed wheat beyond the quotas that are established, there is no permit required for rye. The only thing that is required for importations of seed rye are those that come by reason of the Federal Seed Act, requiring importations of seed to meet certain standards of quality. Samples of the rye and other seed that are offered for importation are tested and, if the seed meets the certain standard of quality laid down in the act, then a notice, as we call it, which may be construed as a permit also, is sent to the customs officials, and a copy sent to the importer, notifying him that the seed meets the requirements for importation and may come in, or fails to meet the requirements and is refused admission.

During the fiscal year ending June 30, last, there were only 16,000 pounds of rye offered for importation and admitted under the Federal Seed Act.

The CHAIRMAN. What about other kinds of rye, aside from seed?

Mr. DAVIDSON. I would not have any information on that.

The CHAIRMAN. I wanted that information.

Mr. COLLINS. We will hear from Mr. Bagnell, Senator, on that phase.

Mr. DAVIDSON. So the quantity that has come in for seeding purposes has been, according to these records, rather small in the past.

Now, since the 1st of September of this year we have had roughly 200,000 pounds that were offered for importation intended for planting purposes. There were none during July and August. So apparently the volume this year will be larger than it was last year. We are a little inclined to think that there have been some importations in small quantities in the past not declared, even though used for seeding purposes, and therefore not reflected in these figures.

Mr. COLLINS. Now, as far as importation of other types of rye, other than seed rye, inasmuch as there are no controls whatsoever, it can be imported without any necessity for a permit?

Mr. DAVIDSON. So far as I am able to determine, that is correct.

Mr. COLLINS. Could you give us for the record, as long as you are acquainted with the importation of seed rye, the names of the persons who imported it by permit or under the Federal Seed Act for fiscal 1951 and 1952?

Mr. DAVIDSON. I do not have those readily available to me now, but the largest proportion of it was imported, as I recall, by Northrup King & Co., a seed company in Minneapolis, Minn., and another quantity by Klineworth, at Carrington, N. Dak. Other importations were in rather small amounts.

The importation since September 1 has come primarily through ports in New York State, and they have gone to seed dealers in Buffalo, primarily, including Arthur R. Cohn, Eastern States Farmers Exchange, and I think there was one for Sanford Feed Co. I believe that is all; just those three firms in Buffalo, N. Y.

Mr. COLLINS. Mr. Davidson, I understand that there is a duty of 6 cents per bushel for the importation of both seed rye and feed rye. Is that the current duty, as far as you know?

Mr. DAVIDSON. That is something, of course, that the folks in customs are better acquainted with than I am, but it is my understanding that it is 6 cents per bushel of 56 pounds, regardless of whether it is for seed or feed or other purposes.

Mr. COLLINS. I would like to read a comment from today's Wall Street Journal, September 23, 1953:

"Traders received reports that over the weekend 350,000 bushels of Canadian rye were shipped to South Chicago, and 70,000 bushels cleared for Buffalo. In addition, 660,000 bushels of Canadian oats cleared for Buffalo. This news caused selling of oats and rye futures on the Chicago Board of Trade."

I would also like to make this information a part of the record: That a recent dispatch from Ottawa stated that the carryover of the Canadian rye crop was 16.4 million bushels as against 8.1 million of the year before.

Is there anything else, Mr. Davidson, that your Department would have on this matter of seed rye that would be helpful to the committee?

Mr. DAVIDSON. I do not think of anything now.

Mr. COLLINS. Do you have any questions, Senator LANGER?

The CHAIRMAN. No.

Mr. COLLINS. Mr. Douglas Bagnell of the Commodity Exchange Authority, Washington, D. C.

I wonder, Mr. Bagnell, if you could explain for the record your position with the CEA, and describe your duties generally?

Mr. BAGNELL. Yes. My position is Chief, Compliance and Trade Practice Division, CEA, having to do with enforcement of the law.

The objective of the Commodity Exchange Act is to prevent manipulation in futures markets on the Chicago Board of Trade, the New York Cotton Exchange, and other markets dealing in commodity futures.

We are one of the bureaus of the Department, and are charged with that responsibility.

Shall I go into this rye situation?

Mr. COLLINS. Yes, please, if you will.

Mr. BAGNELL. Going first into the importing angle that Mr. Davidson just talked about, I did bring some figures on the volume of imports in recent years, and down to a fairly current date.

I have a table here that shows the imports for the years beginning July 1, 1942, up to 1953. This shows a considerable variation in volume.

The biggest year was 1943-44, when about 8 million bushels came in. The smallest was 1947-48 when practically none came in.

In the current year, in which I imagine you are most interested, there has been about 5½ million bushels brought in through July of this year. That includes the seed rye, such as Mr. Davidson mentioned, and all other rye.

Mr. COLLINS. Do you have anything to show how that would compare with the importation of a year ago?

Mr. BAGNELL. It is about 3 or 4 times as much. A year ago there was 1,300,000, and this year about 5,500,000. If you would like this table, it could be put into the record.

The CHAIRMAN. Yes; the table will be put into the record.

(The table referred to is as follows:)

UNITED STATES DEPARTMENT OF AGRICULTURE
COMMODITY EXCHANGE AUTHORITY

Rye: Imports as grain into the United States from Canada, 1942-43 to 1952-53

[Thousands of bushels]

Year	Amount
Beginning July—	
1942-43	1,490
1943-44	8,314
1944-45	4,145
1945-46	1,996
1946-47	1,641
1947-48	41
1948-49	6,794
1949-50	9,007
1950-51	3,045
1951-52	1,342
1952-53	5,564

Source: Bureau of the Census.

Mr. BAGNELL. Then, subsequent to July 1 of this year—I have the figures through September 10—just about 10 days ago, and that shows that for July, August, and that much of September, about 2,300,000 bushels has been brought in. In other words, in about 2½ months, almost half as much has been brought in as during the whole last year, which was a pretty big year.

So, I have those figures, if you wish to have them.

The CHAIRMAN. We will put them into the record.

(The table referred to follows:)

UNITED STATES DEPARTMENT OF AGRICULTURE
COMMODITY EXCHANGE AUTHORITY

Rye: Imports as grain into the United States from Canada

BY MONTHS, JULY 1951 TO JUNE 1953¹

[Bushels]

Month	1951-52	1952-53
July	591,592	7,254
August	39,440	382,506
September	48,090	78,378
October	6,174	95,130
November	2,639	42,742
December	147,258	1,031,867
January	12,707	470,984
February	54,221	0
March	135,736	416,946
April	23,840	1,524,475
May	280,217	991,389
June	0	522,394
Total	1,341,914	5,564,065

WEEKLY FROM JUNE 1953²

Weeks ended—	Thousands of bushels
July 2, 1953	0
July 9, 1953	32
July 16, 1953	247
July 23, 1953	70
July 31, 1953	159
Aug. 6, 1953	30
Aug. 13, 1953	329
Aug. 20, 1953	277
Aug. 27, 1953	162
Sept. 3, 1953	290
Sept. 10, 1953	760

¹ Source: Bureau of the Census.

² Source: Grain Branch, PMA.

Mr. COLLINS. Do you see any connection, Mr. Bagnell, between the greatly increased importation of Canadian rye into this country, as shown by your figures, the increase this year over last year, and the fact that today rye is about 90 cents a bushel cheaper than it was a year ago? Is there a connection in the importation of this Canadian rye? Is it driving the price of our domestic rye down and causing the American farmer who is producing this rye to lose out in his fight to try to keep his production up and get a full return on his crop?

Mr. BAGNELL. I would not like to qualify as an economist, but from my observation of the commodity markets, I would say that an import figure of that type certainly would have a bearish effect on American prices.

It does not seem to me that you can very well reach any other conclusion.

The total volume of rye produced in this country, as I am sure you gentlemen know, is ranging from 20 million to 25 million bushels, and the imports are running roughly 20 and 25 percent of our total crop. So it would seem to me that it would certainly increase our supply, and anything that increases supply tends to put prices downward.

On the question of price, I have made some comparative tabulations. I do not have these in form to put into the record because I did not know what you wanted until this morning, but these are futures prices in Chicago and Winnipeg, and, as you know, the price of a cash commodity throughout the country hinges pretty much on future prices. Generally, a farmer who sells his rye in North Dakota to the local elevator will have them look at the board and tell him "We will pay so much above or below Chicago rye."

I find that on January 1 of this year Chicago futures were selling at about \$1.90, and Winnipeg about \$1.79 or \$1.80.

In other words, Chicago was about 12 cents a bushel over Winnipeg. I do not need to tell you that Chicago has gone down since then. Those figures were January 1.

As of the current date, Chicago futures were selling about \$1.04 to \$1.05, having gone down about 85 cents or 86 cents.

Winnipeg was selling for about \$1.04 also. In other words, now they are on about an even basis, Chicago not only having weakened about 86 cents, but also having weakened about 12 cents in relation to Winnipeg.

Winnipeg has been a firmer market although it has declined in price also.

Those are current prices, of about \$1, compared to about \$2 a year ago, at the same time.

Pursuant to your suggestion this morning, we have looked at this—and had previously looked at it—from the angle of possible manipulation in the futures markets.

To prove manipulation we have to show that someone is intentionally operating in a manner for the purpose of putting prices down. That is, if a man legitimately buys a commodity and brings it into this country and there is no law to prevent him from buying it, even though that increase puts the price down we cannot say that that is manipulation, any more than if a man brings a lot of shoes into Washington, and brings the price of shoes down. That is just an increase in supply, not manipulation.

Looking at it from that angle, we do not see anything that I believe could be successfully prosecuted as a manipulation case. There is no prohibition against bringing rye into the country, and the people who are bringing it in and are selling Chicago futures as a hedge against the cash rye are doing what you would normally expect an astute businessman to do. They see a chance to make a profit and they bring it in.

So, from the point of view of manipulation, we do not see it.

I will say that we have not investigated the rye imports as thoroughly as we have imports of oats. As you know, we did make a rather exhaustive investigation of that and, as a result, have filed charges against one of the largest importers, and also recommended criminal prosecution.

We thought that we had—and still think that we have—a case of manipulation there. We do not see the same picture in rye, although a more exhaustive investigation might change our minds, but I do not think it would.

Mr. COLLINS. As of the present moment, you do not think there could be any comparable manipulation in the rye market, comparable to the manipulation that you found in the oats market?

Mr. BAGNELL. I do not think so.

The CHAIRMAN. It is pretty rough on the farmers raising rye in this country; is it not?

Mr. BAGNELL. Well, sir, I would say that that is a fair statement.

The CHAIRMAN. Can the President take any action?

Mr. BAGNELL. As I understand it, Senator—and again, I am not an expert on this, the procedure has to be that the Department has to find that the imports are having an effect on their price-support program and, as I understand that, that means that there has to be enough rye turned in to the Government by farmers, under the price-support program, to jeopardize the price-support program.

In other words, under the law, they cannot simply look at price and say that prices have gone down so we have to invoke this restriction. They have to be able to establish that that decrease in prices has resulted in farmers putting so much stuff under the price-support program that it is about to jeopardize that program.

I have some figures from PMA which indicate that the deliveries to CCC under the price-support program have been very small,

that they were only 81,000 bushels delivered under that program in 1952 and 1953; only 1,000 in 1951 and 1952; and 7,000 in 1950 and 1951.

If the CCC did find that so much rye was being turned over to them that it was jeopardizing their program, they then would recommend to the President that he direct the Tariff Commission to hold hearings and determine whether section 22 of the Agricultural Adjustment Act should be invoked to prohibit or limit importations. They are going through this procedure right now on oats, I might say.

If the Tariff Commission found that it was justified to limit imports, they would so report to the President, and then the President could, as he saw fit, apply their recommendations.

In the case of oats, last May the Department recommended a limitation of 23 million bushels, I believe, per year. That is now in the hands of the Tariff Commission. They have had hearings, and I presume will report something to the President on it in due course. But, in direct answer to your question, Senator, the President could not just directly do anything, as I understand it, without going through this procedure.

There was one other factor in connection with these imports, that is, that deliveries of rye on the Chicago Board of Trade have been considerably heavier this year than average, and those deliveries do have a tendency to lower the prices.

The people who sell short in the futures markets can either deliver the commodity or buy back their short contracts. If they buy back their short contracts, it usually means that there is not too much of the commodity around, and futures prices usually remain pretty strong. If, however, they actually deliver the commodity on the market, it is likely to be a depressing factor, and in September of this year, this particular month, on the first day of the month, there was 1 million bushels of rye delivered on September contracts, which would generally be accepted in the trade as a bearish factor.

There has been a total of about 2,250,000 bushels delivered altogether in September.

Last May there were about 4 million bushels, and in July, nearly 4 million bushels delivered.

Those figures are running, I would say, about double the same thing last year. There have been almost double the deliveries on futures deliveries this year than last.

Mr. COLLINS. Speaking of futures, December rye futures were quoted yesterday as \$1.10 per bushel in Chicago, \$1.1625 in Minneapolis, and \$1.0425 in Canadian money in Winnipeg.

When you figure that there is a tariff of 6 cents a bushel on Canadian rye, and add the transportation, loading and unloading costs, insurance and other handling, which must be added to make the final price, how do people find it economical and feasible to ship rye from Canada to Chicago if the price spread between Winnipeg and Chicago is about 6 cents per bushel?

Mr. BAGNELL. I would like to answer that by describing the similar situation in oats, because I have not looked into the rye market carefully, but I think that the same principle prevails.

We calculated that Chicago would have to be 8 or 10 cents a bushel over Winnipeg in order to economically bring oats in and deliver them in the Chicago market.

Now, I do notice that in recent months, Winnipeg was about 9 or as much as 15 cents under Chicago.

For example, back in May it was 15 cents under and in August it was 9 cents under. Thus recently I would say that it might have been economically feasible to have bought oats in Winnipeg and delivered them to the Chicago market. When it gets down to the present basis of almost even, which it was

about the middle of September, I do not think that it is feasible to do that.

I am not suggesting that this is happening in rye, but stating that it did happen in oats.

We found situations where people were short in the Chicago futures market and we charged that by delivering oats on that market they put the futures price down and were able to make a profit on their short and speculative operations in futures which would more than compensate them for a possible loss in bringing in oats. That is manipulation, and that is what we are charging in the oats market. As I say, we do not see that same picture in rye.

The CHAIRMAN. How much rye does the country need for its own use?

Mr. BAGNELL. Well, historically here, Senator, it looks like our total domestic disappearance—and that includes food, feed, seed, and alcohol, runs roughly 20 million bushels a year. It varies a little from 19, 22, 21, but I would say roughly 20 million bushels, and we have also exported about 4 million to 5 million bushels in recent years. So we apparently can normally take care of roughly 25 million bushels, 20 million for use and probably 5 million for export.

However, I understand that the export market is very poor at this time, that the European demand, according to Canadian rye experts, is pretty slack.

The CHAIRMAN. Then this rye coming in here is going to be excess rye?

Mr. BAGNELL. It certainly looks like it now, to me.

The CHAIRMAN. Since these farmers have voted on this quota of wheatland, reducing it all the way from 20 to 30 percent, it will mean that very much more rye is going to be planted in the United States this year than for several years last past. Is that not true?

Mr. BAGNELL. Well, I have no direct contact with that end of the game, Senator, but it sounds reasonable to me, sir.

The CHAIRMAN. Well, you go through the country and see field after field of rye now, and the farmers are compelled to use the land for something, and are planting rye. With this Canadian rye coming in, it is going to depress the price still more; is it not?

Mr. BAGNELL. I think that any sizable imports will tend to put the price down.

Mr. COLLINS. In addition, if I may interrupt, I understand that the official Canadian export crop report points to 29.7 million bushels this year compared to 24.6 million bushels a year ago.

When you couple that with the 16.4 carry-over, this tremendous store of Canadian rye over in Canada, if the present rate of imports on Canadian rye keeps up this country will just be flooded with that Canadian rye.

Mr. BAGNELL. And you have the apparent drying up of the European demand, the export demand. The stocks of rye right now in the country are pretty large. We find that in Chicago there is in the various terminal markets about 5 million bushels on hand as compared to about 3½ million a year ago, and we find that this Canadian rye in this country, either on ships afloat or in bond in this country, is about 600,000 bushels. That is not so large, but it is about 100,000 more than it was a year ago.

The total North American commercial stocks, and that means stocks in position to be sold commercially, runs nearly 19 million bushels against about 13 million a year ago.

The CHAIRMAN. Mr. Witness, what is your suggestion? How can we protect these farmers and insure them getting a decent price?

Mr. BAGNELL. I do not believe, Senator, that my field of activity is broad enough for me to make a suggestion on that. My work is limited almost altogether to the question of the futures markets.

The CHAIRMAN. Who is there in the Department of Agriculture who can tell us that?

Mr. BAGNELL. I would imagine that the Chief of the Grain Branch, Production and Marketing Administration, could do that.

If I wanted to get anything on that, I would probably contact first Mr. Gordon, who is Chief of the Production and Marketing Administration. I think that he has people who would be able to give you a much more valuable suggestion on that than I could.

Mr. COLLINS. But, as far as any investigation, or any cursory look-see into this rye situation from your agency's standpoint, your agency being more or less the policing body, as far as trading in commodities is concerned, you do not find that there might be any comparable situation in the rye market today as there has been in the oats market?

Mr. BAGNELL. That is right. I do not see anything which I think comparable to what happened in oats.

The CHAIRMAN. What about flax? Do you know anything about that?

Mr. BAGNELL. No, sir; I do not have the figures on that here at all. That is, on the question of imports. You were interested in imports?

The CHAIRMAN. Yes.

Mr. BAGNELL. No, sir; I do not have anything on that.

The CHAIRMAN. Will you have Mr. Gordon here tomorrow afternoon, and anybody else who may be necessary, to get at this rye situation?

I want to thank you gentlemen very, very much indeed. The people are concerned about this situation.

Mr. BAGNELL. The price has shown drastic movements since July. It has gone down about 30 cents in less than 2 months, and is down over 80 cents since the first of the year, and is just about half of what it was last year. I can readily imagine that they are not happy.

The CHAIRMAN. They are not happy, and the things that they have to buy are priced right up where they were. The price of a combine, for example, has not gone down.

Mr. BAGNELL. I am sure that Mr. Gordon can send somebody.

(Whereupon, at 3 p. m., the committee recessed to a time to be fixed tomorrow afternoon, September 24, 1953.)

(Thursday, September 24, 1953)

The subcommittee met at 2:40 p. m., in room 424 of the Senate Office Building, Senator WILLIAM LANGER (chairman) presiding. Present: Senator LANGER.

Also present: Thomas B. Collins, subcommittee council; James Miller and Miss Eleanor Guthridge, professional staff members.

The CHAIRMAN. The meeting will come to order.

Mr. COLLINS. Senator, we have from the Department of Agriculture Mr. Murray Thompson, Mr. A. R. DeFelice, Mr. Tom Walker, and Mr. Ray Suppes. We have Mr. Hendrickson from the National Federation of Grain Cooperatives.

The CHAIRMAN. You may proceed, Mr. Collins.

STATEMENTS OF MURRAY THOMPSON, OFFICE OF PRICE, PRODUCTION, AND MARKETING ADMINISTRATION; A. R. DE FELICE, SOLICITOR'S OFFICE; TOM WALKER, GRAIN BRANCH; AND RAY SUPPES, GRAIN BRANCH, DEPARTMENT OF AGRICULTURE

Mr. COLLINS. Mr. Chairman.

This is a hearing continued from yesterday, looking into the matter of importations of Canadian rye and its possible effect upon the American market and the American farmer.

The committee is desirous of going into the background to see what, if any, reason is behind these increased importations and what ultimate effect will come out of this.

The CHAIRMAN. I think these gentlemen ought to have read the testimony of Mr. Bagnell. Do you have it here?

Mr. COLLINS. I was talking with one of the gentlemen from the Department, and they had talked to Mr. Bagnell this morning, and they are pretty generally familiar with the testimony.

The CHAIRMAN. Are you familiar with it? Mr. SUPPES. We are familiar with it in a general way; yes.

The CHAIRMAN. I see. You may proceed.

Mr. COLLINS. I wonder if we could have, starting off as a preliminary background, from either Mr. Walker or Mr. Thompson, from the Department, an explanation as to how the rye program works from the time the Department sets the price-support level until the time the Government takes over the rye or the farmer redeems it.

I think that would more or less lay the groundwork, Mr. Walker, and give us an explanation of the picture.

Mr. WALKER. The price-support program operates, I might say briefly, in this manner: We establish loan rates for farm loans and for warehouse loans, and terminal loan rates.

The CHAIRMAN. Pardon me. You are one of the lawyers in this case, Miss Guthridge. Do you not want to get closer and get this record?

Mr. Miller, you had better get up here, too.

Mr. WALKER. Generally, these price-support loan rates are announced ahead of planting time. Upon the harvest of the commodity, the producer can go to his local county PMA committee and apply for a loan at the announced loan rate for that particular county where the rye is produced, or he can indicate that he would like to get price-support insurance—I might call it that—by signing a purchase agreement with the Commodity Credit, in which the Commodity Credit agrees that at time of delivery of the rye they will take it over at that particular rate, which is the same as the loan rate.

At delivery time, if the prices are lower than the loan rate to such an extent that the producer can profit by turning the rye over to the Commodity Credit, he will deliver that rye and the Commodity Credit is obligated to take it.

Briefly, that is about the way the price-support program operates, not only for rye but for the other commodities.

Mr. COLLINS. What is the present loan rate?

Mr. WALKER. The loan rate for the 1953 crop?

Mr. COLLINS. Yes.

Mr. WALKER. \$1.43. I believe that is correct. I want to verify the figure.

Yes, \$1.43 is the average for the United States.

Mr. COLLINS. What is the present support price?

Mr. WALKER. That is the present support price.

Mr. COLLINS. I see.

Mr. WALKER. That is the average for the United States. It varies by States, and it will vary by terminals. I believe the Minneapolis terminal loan rate is \$1.64 per bushel.

Mr. COLLINS. What is the average current market price?

Mr. WALKER. The current market prices are down to around—you are talking about the cash market, not futures? The average for September 23 is \$1.12 per bushel at Minneapolis.

Mr. COLLINS. What was it roughly the same time a year ago, do you recall, or do you have the figures?

Mr. WALKER. Not on that same date, but we can give it to you. September 17 a year ago at Minneapolis it was \$1.83 to \$1.86. The cash price ranged between those two figures. In other words, the current price of rye is low, relatively speaking, compared to last year.

Mr. COLLINS. To what do you attribute the difference in price between last year at

roughly \$1.83 and, say, September 17 when it was \$1.12?

Mr. WALKER. Mr. Chairman, if I may, in answering that question I would like to give some background on the supplies and requirements of rye.

The CHAIRMAN. Go ahead and take all the time you want. There is no hurry at all about this. Go into it as thoroughly as you want to go into it.

Mr. WALKER. We have here what we call a balance sheet of the supplies and requirements for rye, in which we show the supplies, carryover stocks, plus the production, plus the imports. Then the utilization of rye for food purposes, for industrial purposes, if any, and for feed, and seed. Then the amount of rye for export.

For those various items, utilization is shown.

This is a table of data which you may want to include in the record.

The CHAIRMAN. Let the record show it is included.

(The table referred to was filed for the information of the committee.)

Mr. WALKER. This table shows for 1947-51 the average for the 5-year period ending with the 1951-52 marketing year. It shows the same data for the 1951-52 marketing year, the 1952-53 marketing year, the 1953-54 marketing year, which we are now in, and then a projection into 1954-55, which, of course, is all it is, just a projection. Up to that point we have some rather firm estimates on the supplies and requirements of rye.

For this particular marketing year, 1953-54, in which we have the depressed prices on rye, our crop is estimated at 17½ million bushels in the United States. We had a carryover supply on July 1 of 6.3 million bushels. We have estimated a little more than 6 million bushels will be imported.

The CHAIRMAN. Will be imported?

Mr. WALKER. Yes.

The CHAIRMAN. According to the testimony yesterday, nearly that much already has been imported.

Mr. WALKER. Not quite. We will touch on that in just a moment, if you will permit me, Senator.

That indicates a total supply of around 30 million bushels of rye, as compared to a total supply last year, when the price was higher, of 25 million bushels. Our total supply is indicated to be higher than last year, which of itself may or may not affect the price of rye.

The demand for rye apparently will be about the same as for last year. With a larger supply indicated, that might have a bearing on the lower prices.

However, the total supplies of rye as we now have in the United States do not represent the only factor affecting price. If we look at the supplies of rye in Canada, we find that last year's crop, as far as we know, is a record high for all time in the production of rye in Canada; that the carryover stocks were 16 million bushels, or about twice their domestic requirements of rye in Canada.

With a total supply in Canada of about 45½ to 46 million bushels of rye, which is a record high as far as we know, there is, you might say, an overhanging influence of those supplies so nearby, that might have an effect upon our domestic prices of rye.

I have some figures here on the imports of rye from Canada, if you will bear with me just a minute. The imports of rye from Canada, July 1, 1953, through September 10, 1953, amounted to 2,326,000 bushels, or about four times as great as the same period a year ago, when 579,000 bushels were imported.

The CHAIRMAN. What is the total amount imported so far this year?

Mr. WALKER. For this marketing year, 2,326,000 bushels.

The CHAIRMAN. From January 1?

Mr. WALKER. From January 1, I do not have that figure. We can get it for you.

The CHAIRMAN. Do we have it, Mr. Collins?

Mr. COLLINS. I think so.

Mr. WALKER. What I am giving here is on a marketing-year basis.

The CHAIRMAN. What is it this year so far?

Mr. COLLINS. 1951-52, we imported 1,342,000 bushels; 1952-53, 5,564,000 bushels.

Mr. WALKER. That is on a calendar-year basis?

Mr. COLLINS. Yes.

Mr. THOMPSON. I believe that is 1952-53 crop year that you gave.

The CHAIRMAN. We are taking it from January 1.

Mr. COLLINS. These are the figures furnished us yesterday by the Commodity Exchange Authority.

The CHAIRMAN. Go ahead, Mr. Walker.

Mr. WALKER. The figures I am giving here represent from the beginning of the 1953-54 marketing year, that is from the 1st of July.

So these imports coming in at about four times the rate of last year may have contributed to the depressed price conditions.

To summarize the answer to your original question—why are the prices today so much lower than they were a year ago—you might say our supply situation has improved some over the supplies we had for last year and that our imports are greater. The requirements are about the same and the general economic conditions affecting farm prices themselves would have some effect. The general decline in farm prices would radiate into rye as a commodity and would have some effect on it.

The CHAIRMAN. What this committee is interested in, Mr. Walker, is this: The farmers of this country borrowed for the quarter on wheat. There was supposed to be 20 percent when we first discussed it. As a matter of fact, it was approximately 30 percent last year. A farmer with 300 acres of land who seeded only one-third of it to wheat suddenly finds he has a lot of land that he has to seed to something else.

As you travel through Minnesota, Montana, North Dakota, and South Dakota, as I did last year, everywhere you go you will find rye. Maybe it is only 40 acres, maybe it is 100 or 125, but the amount seeded out of the entire area is seeded chiefly because of the fact of the quota on wheat acreage, you see.

Undoubtedly supplies are going to be much greater if they are having a good crop because they have a higher acreage.

What the committee wants to determine is whether or not this price, which may be naturally lower if you got a good crop of rye last year because of the greater acreage, is going to be further depressed by the importation of 5 or 6 or 7 or 8 million bushels of rye from Canada.

Mr. WALKER. You want my opinion on that?

The CHAIRMAN. I want your opinion on it.

Mr. WALKER. I don't think there is any doubt but that the production of rye will increase; and if we have greater domestic supplies, and then we add onto our domestic supplies the importations of unwanted rye, you might say, or rye that is not urgently needed, naturally, it will depress prices—I don't think there is any doubt about it—below where they would otherwise go.

The CHAIRMAN. It would depress the price to the producer?

Mr. WALKER. Oh, yes.

The CHAIRMAN. Pardon me for interrupting. Go ahead.

Mr. WALKER. That is quite all right. I think that is my answer to his question.

Mr. COLLINS. In that very same connection, and thinking in terms of this period July 1, 1953, through September 10, the importations in that period were, roughly, four times over a year ago. There is no way of telling whether that trend will continue through-

out the rest of the year at 4 times the importations of a year ago, but assuming that they did, and further assuming that the price-support price is \$1.43 a bushel on rye today—is that correct?

Mr. WALKER. That is today; yes.

The CHAIRMAN. Get the Wall Street Journal article which you had here yesterday. It says we imported 350,000 bushels in 1 day.

Mr. COLLINS. Yes.

The CHAIRMAN. We read that into the record.

Mr. COLLINS. I know the one you are referring to, Senator.

The CHAIRMAN. I want to call it to Mr. Walker's attention.

Will you please read to Mr. Walker the part that is important. It is the part that is marked.

Mr. COLLINS. The Wall Street Journal of September 23:

"Traders received reports that over the weekend 350,000 bushels of Canadian rye were shipped to South Chicago and 70,000 bushels cleared for Buffalo. In addition, 660,000 bushels of Canadian oats cleared for Buffalo. This news caused selling of rye and oats futures on the Chicago Board of Trade."

Mr. WALKER. So it does affect the price.

Mr. COLLINS. May I continue now, Senator?

The CHAIRMAN. Proceed; yes.

Mr. COLLINS. Assuming that you have this increased importation from Canada of Canadian rye, plus the domestic production, and the price of rye being depressed and the support price being maintained at \$1.43, if the price of rye on the market at Chicago is, say, \$1.10, knowing that they could not get a good price for their rye, what would the domestic producers naturally do? Put it into Government loans?

Mr. WALKER. That is correct; yes. That is evidenced by this year's operation under the price-support program. As of August 15, I believe this report shows, there were some 133,000 bushels of rye placed under price support; whereas last year, as of the same time, there were only about thirteen or fourteen thousand bushels. There is about 10 times as much activity going on right now in the rye-support program as we had last year when the prices were above the price-support level.

So if you have greater production, and if you have these imports coming in at the current rate, you will naturally have prices below the price-support level, and with such a situation existing you will have increased activity under your price-support program.

If these prices do not recover by the time of delivery date, that is, by the time these loans mature, then the CCC itself would become the owner of most of the rye that is placed under price support.

Mr. COLLINS. In that connection, has the Department given any thought to the need for recommending controls on rye?

Mr. WALKER. The importation of rye, as well as barley and other commodities—I am assuming you refer to the imposition of import controls under section 22.

Mr. COLLINS. Yes.

Mr. WALKER. We have been watching it on rye and barley and, of course, on oats we have already recommended that import controls be imposed under section 22. All we have been doing so far in connection with rye is that we have been watching these imports. We have been getting material on it and keeping our data up to date. But as yet we have not prepared any recommendations as to whether we do or do not impose import restrictions under section 22.

Mr. COLLINS. I notice the language in section 22 reads:

"Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as

to render or tend to render ineffective, or materially interfere with any program."

Because of the words "practically certain," in relation to these increased importations of rye the Department probably would want to give some consideration to a study of this, I would assume.

Mr. WALKER. I agree with you there that the Department will need to give some consideration to it. Our chief concern in that connection is whether it interferes with our price support operations. If the importation of rye is going to interfere materially with our price support programs, then a thorough investigation must be made to determine whether import restrictions should be imposed.

The CHAIRMAN. According to the information given in the testimony yesterday, it was said the average crop was 25 million bushels, and already you have over 5 million bushels of foreign rye, which is over 20 percent. He said yesterday over 20 percent has already come in. How are you going to protect the farmer of this country who is going to raise more domestic rye, apparently—and you concede that—than ever before?

Mr. WALKER. I wouldn't go so far as to say we will raise more than we ever did before. Our domestic production of rye is at a relatively low level. We used to produce considerably more rye than we expect will be produced next year, but at that time we were using rye for feed in quantities equaling 20 million a year, and we were producing crops of 40 to 50 million bushels a year. I don't remember exactly the figure, but that can be supplied.

So, coming back to your question, I think the Department will necessarily have to take some steps to investigate the effects of these imports and whether they will likely materially interfere with price support programs. If the decision is reached that they will likely interfere with price support programs to such an extent as to warrant the imposition of import restrictions, then I think the Secretary would follow through on it.

The CHAIRMAN. Rye already has dropped 80 cents a bushel.

Mr. WALKER. That is about right.

The CHAIRMAN. So there must have been some interference to some extent, wouldn't you say?

Mr. WALKER. That drop was from a level that was considerably higher than the price support level. You see, \$1.83 to \$1.86 a year is compared with the price support on the 1952 crop.

Mr. SUPPES. National average, \$1.42, just a cent less.

Mr. WALKER. \$1.42.

The CHAIRMAN. I do not know how many trips you take, but if you will take a trip through the Northwest, you will find those farmers up there thoroughly dissatisfied. They tell me what they buy is approximately as high as it ever was. For example, they mentioned Massey-Harris combines which come in from Canada cost \$5,500. They have not gone down at all, they tell me, since the war. They take up the farm machinery and the things the farmer has to buy, and they turn to me and say, "Senator, cattle prices have gone all to pieces," putting it crudely. They are down 50 percent, as you know, in some instances. They say, "Wheat has gone down, barley has gone down, oats have gone down. What in Heaven's name are we going to do since we have this quota on the amount of wheat we can raise?"

It is quite severe. I know farmers who have 160 acres and are allowed to raise only 31 acres of wheat. They say, "We have to put it in barley, flax, or oats. If these prices are going to continue to sag also, how in Heaven's name are we going to exist?"

I am trying to find out the answer from you gentlemen, because you are the experts.

Mr. WALKER. If the need arises, we certainly must impose restrictions under section

22, which would be following through with the tools that are at hand to stabilize prices.

The CHAIRMAN. How long will it take you to make that investigation on rye?

Mr. WALKER. That would take probably a month.

The CHAIRMAN. In the meantime, if rye keeps coming in at the rate the Wall Street Journal says, it will make quite a lot of rye.

Go ahead, Mr. Collins.

Mr. COLLINS. You mean in connection with section 22. Wouldn't that entail hearings before the Tariff Commission, also?

Mr. WALKER. It would if it was recommended to the President.

Mr. COLLINS. By the Secretary.

Mr. WALKER. Yes.

Mr. COLLINS. I wonder if you could give for the record, if you have the information available, who are the main consumers, firstly, of this rye that is imported.

Do you know the percentages that go into feed and into distilling?

Mr. WALKER. We don't know the proportions that go into various domestic uses, but we do know something about where it comes into the country, like the Buffalo entry for the eastern area, and Chicago, and so forth. We have a table of information on that.

Of the imports last year, 79 percent of the rye came into Chicago, about 9 percent into the Buffalo area, and about 10 percent into the Duluth-Superior area at the head of the Great Lakes.

But as to the ultimate end use which is made of this rye, I am assuming it would be about the same as our domestic rye.

Mr. COLLINS. What about domestic rye?

Mr. WALKER. Our estimates of the amount used for food is about 5 million bushels; the amount that is fed is about 6 to 7 million bushels; and the amount that goes into industrial purposes, principally the manufacture of alcohol, liquors, rye whiskies, and what-not, runs from about three to six million bushels. The average for the 1947-51 period was 6 million; for 1952-53 it was down to about 3 million. We expect about 5 million to be used in this marketing year that we are in now for industrial purposes.

Then for seed purposes, we have about 5 million that is used annually.

I would assume that the rye that was imported would follow about that pattern of distribution into our domestic consumption.

Mr. COLLINS. Is there anything to show the competition between the imported rye and the domestic rye?

Mr. WALKER. Not that I know of.

Mr. COLLINS. There is no way of getting into that, as far as figures? To put it another way, is there competition between domestic rye and imported rye?

Mr. WALKER. Naturally, there is competition, between the two, because they are used for the same purposes. There would be competition.

The CHAIRMAN. I wonder, Mr. Hendrickson, what is your idea on this entire matter?

STATEMENT OF ROY HENDRICKSON, EXECUTIVE SECRETARY, NATIONAL FEDERATION OF GRAIN COOPERATIVES

Mr. HENDRICKSON. I am Roy Hendrickson, executive secretary of the National Federation of Grain Cooperatives.

We have felt that rye, barley, and oats, the three of them, have to be dealt with pretty much in the same category. They are produced very much in the same territory. It is a very sensitive problem, and has been for a long while.

We have felt that section 22 simply has been rendered inoperative in connection with these commodities, contrary to the apparent intent of Congress going away back to the earliest enactments of section 22, which go away back into the thirties. Section 22 was reenacted in 1948, and it was very clear, it seems to me, and it seems to many, that section 22, the use of import quotas, was in-

tended to be called into use when you face situations not only such as we have right now, but which we have had for several years.

There have been many petitions to the Department of Agriculture, including those made by my organization, asking for action under this; and in that connection, only one has thus far been taken, and that is that an investigation was made in connection with oats. The President sent it on to the Tariff Commission, and the Tariff Commission held hearings some time ago, at which we had an opportunity to testify along with the Department, and their decision is still pending.

I want to express appreciation for your taking an interest in this, because it affects not only farmers in North Dakota but many thousands of farmers in nearby States. This is an extremely serious problem.

Take barley alone—there really isn't any difference. When you speak of the situation with respect to wheat lands taken out of production, the only real difference, I would say, between barley and rye lies in the fact that there are certain lands, so-called thin land, which is suited for rye and practically nothing else, for that kind of production.

But here we find barley coming in here up to September 10, or thereabouts, at the rate of 8 million bushels this year, since July 1, as compared with 2 million bushels for that same period a year ago. That is four times the rate.

Out in your country, particularly in North Dakota—it is true in Minnesota, South Dakota, Montana, and certain other States—barley is raised not to turn over to the CCC, which places its support price on the basis of the feed value of barley. Barley is produced to try to meet the premium malting market. That premium malting market has been pretty well taken away from the United States farmer now, with the United States farmer facing a situation where the barley comes in from Canada in very large quantities; and is handled there, by the way, as well as oats and wheat, by the Dominion Wheat Board up there, so they are in a position to sell at whatever price they need to to move it in. The tariffs, as you well know, have been cut sharply in connection with this.

I might just point out how far they have been brought down. The barley tariff is now 7½ cents a bushel. It was once 20 cents. This is a result of the GATT and other agreements.

In that connection, while I am mentioning tariffs let me bring out a point there that I think is very interesting. The barley tariff is 7½ cents a bushel. It takes about 1 bushel of barley to make 1 barrel of beer. Let's see what the tariff on beer is. The tariff on beer per barrel is \$3.875. In other words, if we are going to have a reduction in tariffs, let's have it all along the way, not simply on a commodity that is being produced out in the Northwest area.

In connection with oats, the rate at which that is coming in so far this year, starting July 1, until September 10, was about the same rate as last year, about 13 million bushels. Last year we finally got in, for the marketing year ended last June 30, 68.6 million. I think that is the preliminary.

Mr. SUPPES. Final.

Mr. HENDRICKSON. The final figures.

Here we have barley stepping away up; and rye, as you have well pointed out, has increased tremendously.

Where is the American farmer going to market this stuff today, with it coming in because of these low tariffs? He is going to turn it over to the CCC to the extent he can find space, but it isn't so easy to find space to qualify, oftentimes, for these loans.

I want to emphasize what you said. You are going to find this problem, which has been important for several years, it is much more important now and it is going to be

doubly important next year because of the diversion of a good deal of this land which otherwise would go into wheat, into these crops.

Are these crops important? I would like to quote from President Eisenhower's speech which he made at Casson, Minn., last fall, in which he listed a number of promises or pledges to the farmers, which were very seriously taken and appreciated. His No. 4 promise reads as follows—it is a short paragraph, and I will read it, if you will permit me:

"4. We must find sound methods of obtaining greater protection for our diversified farms which are our producers of perishable foods and yield a rich variety of meat, milk, eggs, fruits, and vegetables that support our nutritious national diet. As provided in the Republican platform, the nonperishable crops so important to the diversified farmers, crops such as oats, barley, rye, and soybeans, should be given the same protection as available to the major cash crops."

That is a very important point.

At this last session of Congress, I think there were several bills introduced proposing that oats, barley, and rye be treated like the others. They are not treated like the others.

For instance, you had a shift from the old parity formula to a new parity formula, modified somewhat by what they call transitional parity. Actually, I think the parity prices listed for barley and rye are roughly 20 percent under the old parity. They have been reduced at the rate of 5 percent a year.

When we speak of 85 percent of parity price supports, you are speaking of 85 percent of 80 percent of the old parity.

I want to point out one other factor which I think is significant here. Unfortunately, I didn't get a chance to make a checkup on the rail rates to the head of the lakes from the Canadian producing areas on the one side of the border, and from North Dakota, Montana, and so on, on the other side of the border; but these rates for oats would be representative, I think, of rye, or of barley, for that matter.

Let's take two points. We will take towns that are right across from each other. We will take to the head of the lakes, Duluth-Superior on the United States side, and Fort William and Port Arthur on the Canadian side. From Northgate, N. Dak., to haul 100 pounds of oats down to the head of the lakes costs 47.3 cents. From Northgate to Saskatchewan, separated, I believe, by only a street, there is no emergency charge or tax. They have not had freight increases. I want to convert this to bushels. In the United States the figure would be 15.14 cents per bushel. In Canada, for exactly the same weight of oats, it would be just a trifle over 6 cents, the freight rate to get it into position for marketing.

The same is true of various other points, and I am sure it is true of rye.

So, in other words, the transportation advantage or saving to the Canadian side to get it to the head of the lakes in position to ship, is such that it more than offsets the existing tariffs on these commodities.

I can't tell you exactly when they last had a freight increase in Canada, but at the Tariff Commission hearing I had the opportunity to cross-examine Jock McIver, who is chairman of the Canadian Wheat Board, who testified there. I really thought they had some kind of increase during the war period, and so on, but I got back to 1940 and they have had no increase since before 1940 on their freight rates; and, of course, we have had a very, very large number and substantial freight rate increases.

I think it is important, however, that your tariff, whatever protection that is supposed to be, is more than offset by this transportation saving that they achieve from Fort William and Port Arthur on to Chicago. The

rates between Duluth-Superior and Fort William and Port Arthur are quite comparable. They have a tremendous advantage there.

In conclusion, I simply can't avoid going back to our feeling that there has been a lamentable absence of the use of this very legislative tool that is put into the hands of the Department and the Government in the form of section 22 in connection with this. It seems silly to me to spend Government money here to provide price supports on commodities, and have the Government take them over when, with a quota, the domestic supply in the case of rye wasn't too much out of line with demand, and it would have worked out rather well. So our price supports are being permitted to serve as a magnet for the Canadian producer. That, it seems to me, is very unfair to our producers and not in the interests of the Government, and quite contrary to the spirit and purpose of section 22.

That is all, Senator. I thank you very much. I would be glad to try to answer any questions.

Mr. COLLINS. You feel that both as to barley and rye, the Department ought to take some action under section 22?

Mr. HENDRICKSON. Yes. We have been hopeful for a long while that action might be taken in the case of rye and barley, and I don't know what accounts for the inactivity. It is too bad, because I don't see that there is any real difference between them and oats.

Mr. COLLINS. Did you have a comment?

Mr. SUPPES. I might bring out the fact, in defense of the Department of Agriculture for not acting quicker, that the price of rye during the current year has averaged each month above the support level until May, and that BAE seasonal average price received by farmers for rye during the past year was \$1.73 compared with the support level of \$1.42. The previous year, 1951-52, the seasonal average price received by farmers was \$1.52, compared with the support level of \$1.30; and in 1950-51, the average received by farmers was \$1.31 compared with the average support level of \$1.28.

Mr. COLLINS. In that connection, you wouldn't have any figures to show how much rye last year went under loan, and contrast that with how much rye this year, so far, has gone under loan?

Mr. SUPPES. Yes. In 1952 when our production was the lowest on record and our supplies likewise were far less than our domestic needs, so that we had to import some rye, several million bushels, in order even to meet our needs, the farmers placed only 186,000 bushels—just a mere vestpocketful, you might say—under price support. That was equal to only 1.2 percent of the crop. So they weren't in too desperate need of price support. They delivered only 81,000 bushels to the CCC. The year before, they delivered only 1,000 bushels. The year before that 7,000 bushels.

So I think a word in defense of the Department of Agriculture for not moving in this direction up until now is in order.

Mr. COLLINS. But there is some feeling or there might be some certainty that with the continued depressed price of the rye and increased imports from Canada, there is a strong possibility, is there not, of farmers placing a lot—

Mr. SUPPES. I am not in a position to say there is not a threat to the future. It certainly will demand watching.

Mr. COLLINS. Speaking of the level of support on rye, what are the factors that the Department takes into consideration in determining the level of support?

Mr. SUPPES. Maybe you had better take that one, Tom.

Mr. WALKER. I don't know whether I am exactly prepared on the rye to give you the details of the factors taken into account in establishing the loan rate. However, gener-

ally in establishing loan rates for rye, barley, grain sorghums, those nonbasic commodities, they take into account the equivalent feed value as compared to corn, and the price-support rate that is in effect for corn. The final decision as to the loan rate, price-support rate, is, of course, in the hands of the CCC Board. After they take into consideration the factors just named, and other information as to the need for the commodity or the participation by producers in the price-support programs, they then as a Board determine what that rate is.

Mr. COLLINS. I would like to get your comment on a quote from a letter that Senator LANGER has received. This is in connection with barley, but I think you might be able to give us just your thought on this. I quote:

"The facts of the matter are, that practically all barley here in the Red River Valley that can get under cover, or that the elevators will store, is going under loan. The farmers are getting anywhere from 35 cents down to 15 cents a bushel more under the loan program than our markets afford. In other words, the American taxpayer is subsidizing the Canadian exporters of barley."

Do you have any thought on that, any of you gentlemen?

Mr. WALKER. I don't know.

Murray, do you have any comments on that?

Mr. THOMPSON. I was looking up some more factors in connection with your question.

Mr. COLLINS. Would you like me to read it over again?

Mr. THOMPSON. Maybe I should add a little to Mr. Walker's comment.

Mr. COLLINS. Surely, and then we will go to this.

Mr. THOMPSON. In the Agricultural Act of 1949, Congress has listed eight factors which the Commodity Credit Board are to take into consideration when they are setting the price support for any nonbasic commodity.

Mr. COLLINS. What are those, Mr. Thompson?

Mr. THOMPSON. Our lawyer wanted me to cite the place in the law. I am not used to thinking of those things. It is section 401 (b).

The first factor is the supply of the commodity in relation to the demand therefor.

The second factor is the price level at which other commodities are being supported.

This is the one that Mr. Walker was talking about: In the case of feed grains, the feed values of such other grains in relation to corn.

The availability of funds; the perishability of the commodity; the importance of the commodity to agriculture and the national economy; the ability to dispose of stock acquired through price-support operations; the need for offsetting temporary losses of export markets; and the ability and willingness of producers to keep supplies in line with demand.

Those all have to be considered.

Mr. COLLINS. Those are all factors that go into the determination?

Mr. THOMPSON. As Mr. Walker said, it is particularly important in the case of feed grains to compare the feed value of those grains with corn.

Mr. COLLINS. Now let me read this, Mr. Thompson:

"The facts of the matter are, that practically all barley here in the Red River Valley that can get under cover, or that the elevators will store, is going under loan. The farmers are getting anywhere from 35 cents down to 15 cents a bushel more under the loan program than our markets afford. In other words, the American taxpayer is subsidizing the Canadian exporters of barley."

Mr. THOMPSON. What is the date of that letter?

Mr. COLLINS. This was September 15.

Mr. THOMPSON. The first part of it, I would certainly agree with. The last sentence, I don't believe I should comment on.

The CHAIRMAN. This is from a very outstanding grain man in my State.

Mr. THOMPSON. I don't think I should comment on the last sentence.

The CHAIRMAN. I have no objection to telling you who he is. It is Mr. R. F. Gunkelman, Fargo, N. Dak. They have been in business there for a great many years, wholesale grain, seed, feed, and agricultural chemicals. He is an outstanding expert. You have heard of him, have you not, Mr. HENDRICKSON?

Mr. HENDRICKSON. Yes.

The CHAIRMAN. I just got this letter, and would be glad to have you read all of it if you wish. I have no objection to putting it all in the record. Do you want to read it all?

Mr. THOMPSON. We can read it in the record.

(The letter referred to follows:)

R. F. GUNKELMAN & SONS,
Fargo, N. Dak., September 15, 1953.
Hon. WILLIAM LANGER,
United States Senator,
Washington, D. C.

DEAR SENATOR LANGER: Earlier in the year, I wrote a number of letters with reference to the importation of Canadian barley. From what information we have, it seems that the Tariff Commission and some officials in the Department of Commerce were opposed to the restriction of Canadian imports of barley. I read some comments made by different officials that this importation had little bearing on the price that the American farmer was getting for his product. It has always seemed to me that some of these officials of both the Tariff Commission and the other departments that are interested in agriculture certainly have never made a study of the situation, or are only interested in seeing that our American breweries buy cheap barley.

Now let us look at the present situation. I will quote you from a paragraph taken from a letter written to our company by one of the largest handlers of barley in Minneapolis:

"It is just too bad that the Government allows this Canadian barley to come in and fill up the Milwaukee elevators, and as a result people like Froedtert Malting, who ordinarily would be shipping quite a bit of barley down there, are held back due to plugged conditions, and, of course, that backs up in our Minneapolis market also."

The facts of the matter are that practically all barley here in the Red River Valley that can get under cover, or that the elevators will store, is going under loan. The farmers are getting anywhere from 35 cents down to 15 cents a bushel more under the loan program than our markets afford. In other words, the American taxpayer is subsidizing the Canadian exporters of barley. In our own elevators we are plugged to the roof with barley. We have recently rented a large number of Government bins and have filled these up with barley, so that our farmers can get the higher price under the loan than the market will afford them. Yesterday the Minneapolis market had 385 cars of barley, of which a considerable number went to the Commodity Credit Corporation. This would be very light receipts if we were not competing with the Canadian market, our markets would be advancing; but Canada is simply flooding the Northwest with barley through the Duluth port. Much of this barley comes by lake from Fort William to Duluth, and is then shipped by rail to Milwaukee, Chicago, and St. Louis. In my opinion, this whole program is most asinine inasmuch as the Tariff Commission on one side allows the importation of barley, and on the other we subsidize our farmers with a loan

program that will eventually pile up tremendous quantities of barley, both in the country and in the terminals.

I am fully aware of the fact that you are in touch with this situation, and that you have been doing all you could to influence the Tariff Commission to at least increase the tariff on barley if they will not to some extent embargo Canadian imports. I trust that you will continue to do everything you can to help protect the interests of our Northwest farmers.

Best personal regards.

Very sincerely yours,

R. F. GUNKELMAN, Sr.

Mr. HENDRICKSON. Senator, might I call your attention to one thing. You may be familiar with it. Last spring, April 23 and May 8, there were hearings before the Senate Committee on Agriculture, which are contained in this, on the subject of the imports, at which time Mr. M. W. Thatcher, who is general manager of the Farmers Union Grain Terminal Association and president of our federation, and a number of technical assistants, testified in some detail, both with respect to oats, barley, rye, and so-called wheat unfit for human consumption, which is also a somewhat separate problem but a very substantial problem.

The CHAIRMAN. Of which Senator WELKER, of Idaho, is in charge.

Do you have that testimony with you?

Mr. HENDRICKSON. Yes. I have several copies that I brought along for your convenience. Here are several more if you need them.

This was before the Committee on Agriculture. Then you had before Senator WELKER's subcommittee, hearings on the unfit wheat.

The CHAIRMAN. That is right. And the Senate took action on it and passed a bill.

Mr. HENDRICKSON. Yes. Although the bill as finally passed, I might say, was not satisfactory. It was amended.

The CHAIRMAN. I understand it was amended.

We will make these hearings a part of the record.

(The hearings referred to were filed for the information of the committee.)

The CHAIRMAN. You may proceed.

Mr. COLLINS. I have just a few more thoughts on which I want to get some views from the experts of the Department.

One is this: I understand that in the year 1947 and the year 1948, rye sold for \$1 a bushel more in Canada than in the United States, and during that period American farmers started to go over into Canada and attempted to sell their rye over there and get the increased price, and Canada stopped that practice of American farmers going over there and getting the benefit of the increased price on rye.

I haven't been able to locate much on that, and I was wondering if you could comment, and what is the background of that?

Mr. SUPPES. In 1947-48, we were still in deep trouble, with controls on our exports and allocations, and scraping together every bushel we could in the United States to ship to hungry countries abroad. Canada was doing likewise, but she didn't have an export control on her rye, nor an import control, either. We had both at that time. We had barely enough rye to take care of our own needs, with very little surplus for export at that time. Prices were sky high, the highest in many years, in 1947-48.

Mr. COLLINS. Over \$4 a bushel.

Mr. SUPPES. \$3.50 and \$4 in this country. There was an avid demand for any grain, rye or anything else, back in those years, compared with now when there is none, you might say, for rye. So American rye moved up through Canada and was transhipped to Europe, where they had ready buyers willing to pay any price for it. There was a profit of around \$1 a bushel in the transaction.

It reached the point where our Government officials met with the Canadian officials and asked them to restrict imports from the United States, and they complied. For a period of some 8 months, as I recall, there was a complete embargo on shipments to Canada, and that ended that type of thing.

Mr. COLLINS. Then actually, I wanted to find out whether that was an action taken purely on the part of Canada that stopped—

Mr. SUPPES. No, it was at our request.

Mr. COLLINS. During that period, 1947-49, from figures supplied, I understand that that year we imported from Canada 41,000 bushels of rye.

Mr. SUPPES. Yes. Canada restricted shipments to the United States at that time because she gave higher priority to England and their European markets, and she didn't have anywhere near enough to fill the needs.

The CHAIRMAN. I think we have the information we wanted, Mr. Collins.

Is there someone else here who wants to say anything in connection with this?

Mr. COLLINS. Yes, Senator. We have one more, Mr. Delos James, of the National Grange.

The CHAIRMAN. We will be very glad to hear you, Mr. James.

STATEMENT OF DELOS JAMES, DIRECTOR, AGRICULTURE-INDUSTRY RELATIONS, THE NATIONAL GRANGE

Mr. JAMES. I haven't anything further to add than what Mr. HENDRICKSON said. I would O. K. his testimony and agree fully with it.

There is no doubt but that it is a very serious matter, not only with regard to rye and oats, but it applies to a lot of other commodities, too—almonds, walnuts, filberts, butter, cheese, and so forth. We have been affected very adversely over the years with this kind of procedure.

The aim to establish a better reciprocal-trade basis between other countries and the United States is proving rather serious for the American farmer. He is the one who is taking the loss in many cases.

In other words, we provide the market for these cheaper products from so many other countries.

It was intended in the beginning, under section 22 and another provision, which I think was eliminated in the last Congress—I have been trying to recall it, which made it possible for the Government to act quickly in a case like this.

The supporters of reciprocal trade, lowering tariffs, and so forth, I think in the last Congress got a change brought about so that it prolonged the procedure in order to get action, and by the time we can get action on this in all probability the damage will have been done. The damage is done right now to a large degree.

As you brought out, Senator, from your own observations of what the situation is among the farmers up there, which is true in other parts of the country, here we are taking acreage out of 1 crop and wanting to put acreage into another crop or 2 or 3 other crops. Yet here is the foreign producer coming in and taking our market, so that when our fellows come in next year with rye and barley, and so forth, there will be a big surplus in our storage places and in excess of our market requirements. It is a mighty serious matter. I hope that in some way immediate action can be brought about.

I haven't studied the matter quite enough. I didn't realize fully what was coming up this afternoon. I am substituting for Dr. Sanders. Yet I have kept a rather interested eye on this problem for a long time, and have been before the Tariff Commission and before some of the committees here with regard to protection for not exactly an agricultural commodity, but a food product where we are suffering from a similar situation of a little different character.

But still, this fine American market is being taken away by foreign producers with a lower standard of living, willing to sell at a cheaper price. All they needed to do was to send a little bit in here, and down goes the price on our domestic production.

It has had a very extensive and devastating effect on our own agricultural production. I don't see how we can go on with this kind of program over the years and support the market for the whole world, for any of these producers who want to dump their excess supplies in here when we don't need them.

I hope that something can be done immediately.

The CHAIRMAN. You heard from the discussion that they say it is going to take 30 days.

Mr. JAMES. I don't see why it is necessary for it to take 30 days. I think there is a provision in the present act that the President can act, and then a study can be made. That is, these imports can be stopped. Maybe I am mistaken.

Mr. HENDRICKSON. Senator, a procedure of that sort was recommended by Secretary Benson, but I am not sure it found expression in the new law.

I would like to add one point, and that is this: Sometimes people blame the Tariff Commission. Actually, the Tariff Commission can't act until it is recommended that it investigate.

For instance, in the case of flaxseed, there was very much this same problem. When it was recommended to the Tariff Commission, the Tariff Commission held a hearing, and we are protected adequately for the time being in that case.

But it seems very difficult to get a recommendation out of the Department of Agriculture to the President, and from the President over to the Tariff Commission on these matters, so much so that we who deal with section 22 a good deal call it "section 22 months," because it takes about that long to get going.

The CHAIRMAN. Anything else?

Mr. THOMPSON. Since section 22 action on butter, cheese, filberts, and almonds has been mentioned, I have a statement here which you might want in the record, which shows that when section 104 was dropped, section 22 action has been taken by the President on butter and cheese, and the Tariff Commission is now conducting an investigation on fiber and walnuts. I thought perhaps you would like that in the record.

The CHAIRMAN. We will put it in the record at this point.

(The document referred to follows:)

"1. Agricultural commodities on which section 22 action has been taken by the President: Cotton and cotton waste; wheat and wheat products; almonds and filberts.

"Dairy products: Butter; dried whole milk; dried buttermilk; dried cream; dried skimmed milk; malted milk, and compounds or mixtures of or substitutes for milk or cream; cheddar cheese, and cheese and substitutes for cheese containing, or processed from, cheddar cheese; edam and Gouda cheese; blue-mold (except Stilton) cheese, and cheese and substitutes for cheese containing, or processed from, blue-mold cheese; Italian-type cheeses, made from cow's milk, in original loaves.

"Flaxseed and linseed oil; peanuts and peanut oil.

"2. Agricultural commodities on which section 22 action is under consideration by the United States Tariff Commission: Wool, edible tree nuts, oats."

The CHAIRMAN. When do you gentlemen want another meeting with this committee? Could you look the matter up more thoroughly within a week?

Mr. WALKER. That would be at your pleasure, Senator.

The CHAIRMAN. I want to do it as rapidly as we can, but I do not want to hurry you.

I want to give you plenty of time to make your investigation.

Mr. THOMPSON. Could we call you back on that?

The CHAIRMAN. Surely, you may call me back.

We will adjourn, subject to the call of the Chair. You call me any time. All we want to do is to get together around the table and work for the benefit of the farmers of this country. That is my sole interest. I think we are all agreed on that. Anything this committee can do to help will certainly be done.

Thank you very, very much, gentlemen.

Mr. SUPPES. I might say, Mr. Chairman, I gave you 6 or 8 tables that you may keep and make a part of the record.

The CHAIRMAN. Yes: Will you see that that is done, Mr. Collins?

Mr. COLLINS. I will, Senator.

(The tables referred to were filed with the committee.)

The CHAIRMAN. Thank you very much, gentlemen.

The committee will now adjourn, subject to the call of the Chair.

(Whereupon, at 3:45 p. m., the hearing was adjourned, subject to the call of the Chair.)

(Monday, November 30, 1953)

The subcommittee met at 10 a. m. in room 424, Senate Office Building, Senator WILLIAM LANGER (chairman) presiding.

Present: Senators LANGER and WELKER.

Also present: Thomas B. Collins, subcommittee counsel.

The CHAIRMAN. The meeting will come to order.

This is a continuation of the meeting we had on September 23 and 24. Will you read this statement, please?

Mr. COLLINS. We have a statement here which, under the authority of the chairman, we will make a part of the record. It is a statement submitted by the National Farmers Union on United States policy respecting agricultural exports and imports and effects, with particular reference to imports of rye, oats, and barley from Canada.

Mr. Chairman, we make this a part of the record?

The CHAIRMAN. I want you to read it.

STATEMENT OF JOHN A. BAKER, ASSISTANT TO PRESIDENT, NATIONAL FARMERS UNION (AS READ BY THOMAS B. COLLINS, SUBCOMMITTEE COUNSEL)

Mr. BAKER. Mr. Chairman, and gentlemen, we have followed these hearings with considerable interest and shall continue to do so. We appreciate the opportunity you are giving me today to present our views on this important and significant subject.

The value of exports of farm commodities was 30 percent lower in the marketing year ending in June of 1953 than the previous year. The physical volume of exports of farm commodities dropped slightly more. Wheat, cotton, and tobacco are the major commodities affected, but many others, including grain sorghum and apples, are involved.

The outlook is currently for a further decrease rather than an increase in agricultural exports from the United States owing to the failure of the nations of the free world to establish the international institutions required to stabilize and encourage greater international exchange. This has resulted in increasing foreign production of these commodities, a rising interest rate both in this country and in other nations, and is compounded by prospective reduced United States expenditures for foreign economic assistance.

This development places a downward pressure on United States prices of those farm commodities, a part of the supply of which must seek a foreign market. Prices received by United States farmers for most such commodities are now well below the parity level;

some are resting on the price-support level or below.

During the past several years the United States has exported from \$2 billion to \$11 billion more than we have imported. In 1952 the export advantage was in the neighborhood of \$4.5 billion.

The net export balance that must be covered in 1953-54 by a further reduction in United States exports, or by increasing imports, increased United States economic aid, private or governmental and increased private foreign investment will be at least \$5 billion. Of this, roughly one-third may be made up by private investments and donations.

The shock of such reductions on farm commodity exports could be somewhat cushioned by the creation of a Foreign Trading Division in Commodity Credit Corporation, when, and if, such legislation is enacted.

However, really significant major increases in exports of United States farm commodities can only be encouraged by raising foreign purchasing power through establishment of international commodity agreements and clearinghouses in conjunction with the World Bank and the United Nations. This would allow increased United States imports and United States assisted foreign economic development and reduced United States sales prices.

At the same time that United States farm exports have been dropping increased imports of farm products such as rye, oats, barley, and feed wheat have acted to further depress the United States market.

Considering these problems, the Farmers Union position regarding appropriate solutions can be briefly summarized as follows:

1. Of primary and basic importance is this: Regardless of the administrative machinery used or the secondary economic principles adopted, the returns to family farm production of all commodities should be supported by the Federal Government at 100 percent of parity with standby authority to use acreage limitations and marketing restrictions only where required to prevent wastage of resources. Production restrictions should not be placed upon any important food commodity at any point below the total of domestic consumer needs plus normal exports plus an adequate safety reserve, plus a reserve for use in implementation of our foreign policy. We consider this economically feasible, justifiable in the general public interest, and morally right. We believe it wise and prudent to make provision for the creation and maintenance of an adequate safety reserve, domestically and internationally in the free world, of storable farm commodities and the storable products of perishable farm commodities. Moreover, we believe that world conditions as well as domestic population trends require a policy of abundant rather than scarce farm production to meet genuine domestic consumer demand, normal exports, plus an added quantity to be available to implement the foreign policy.

(a) If this goal cannot be immediately attained for political reasons, we favor the following alternatives of descending desirability in the order named:

(1) 90 percent of parity supports for all commodities with acreage limitations or marketing restrictions only to prevent wastage of resources.

(2) 100 percent of parity supports for selected major commodities with necessary standby production restrictions.

(3) 90 percent of parity supports for selected major commodities with necessary standby production restrictions.

(4) Extension for additional years of existing price-support laws.

(b) We believe that increased exports of farm commodities and appropriate and intelligent policies respecting imports of farm products in competition with domestic pro-

duction are fully possible and feasible within this framework.

2. Administrative machinery: The International Wheat Agreement, Reciprocal Trade Agreement Act, and section 22, diversions, are in operation. They have proved to be workable and, within their scope, successful. Parenthetically, let me pause here to commend the statesmanlike work performed by Senator LANGER as chairman of the special committee of the Senate Foreign Relations Committee that shoved through to successful attainment the extension of the International Wheat Agreement. The International Wheat Agreement, Reciprocal Trade Act, and section 22 should be continued in operation until something better can be created to replace them. However, these are but partial palliatives to the total problem. We recommend the following in descending order of desirability. If more desirable devices toward the top of the list cannot be created, then certainly we should adopt those lower on the list pending later adoption of improved structures.

(a) Democratic world economic union.

(b) International Raw Materials Reserve.

(c) International Food Reserve.

(d) Additional international commodity agreements coupled with each of the above.

(e) Bilateral governmental barter on basis of negotiated agreements.

(f) Complete reliance upon cartel-dominated private trade with reduced tariffs on unilateral basis.

3. Secondary economic principles: These affect domestic consumers, foreign agricultural producers, and foreign buyers of United States agricultural exports. They also have a direct bearing on United States foreign policy generally. They relate to the methods used to implement the domestic farm price-support program and to handle or control exports and imports of farm commodities.

(a) With regard to exports: We favor the foreign sale of exports at a price at, or below, what might be termed the world price, with the difference between world price and the domestic support price made up by the United States Treasury, preferably by means of parity payments to producers, or if that is not done, through export subsidies.

(b) With respect to the so-called supplementary or competing imports: We favor adoption of import policies for farm commodities that compete with domestic farm production that will give United States consumers the maximum supply at minimum price consistent with 100 percent parity returns to family farmers. Specifically, we consider the following combinations in descending order of desirability. However, we feel that nonfarmers as well as farm people have a right and responsibility to help decide these issues. If nonfarmers do not prefer the alternatives we have placed at the top of the list, then by all means let us adopt one of those nearer to the bottom.

(1) United States support-price programs carried out by means of parity payments to producers with no quota or tariff restrictions on imports.

(2) United States support-price programs carried out by means of parity payments to producers with quota or tariff restrictions on imports.

(3) United States support-price programs carried out by supply-diversion methods with imports eliminated at prices less than 100 percent of the parity.

(4) United States support-price programs carried out by supply diversion methods with all imports of competing farm commodities restricted or subject to high tariff duties.

We believe that continuation of a relatively high level of United States foreign economic and technical assistance to other countries is desirable, not only to maintain exports of United States farm commodities but also

as a means of speeding up democratic world economic development and closer democratic world economic integration in the fight against communism.

We see no reason why other domestic producers of exported and imported commodities should not be accorded the same treatment we have recommended in the farm sphere. We feel that in certain instances, particularly in case of metals, minerals, petroleum, and other irreplaceable natural resources it would be better public policy for the Government to buy up reserves and capital investment of domestic private owners and allow imports to come in unrestricted.

Moreover, we favor simplification of customs procedures, negotiated tariff reduction consistent with the principles I have enumerated, and very greatly increased attention to and action in international economic planning.

With respect to customs procedures we feel that existing laws should be enforced strictly in accordance with the letter and spirit of those laws. Violators should be fully prosecuted.

Your committee may be interested in hearing these policy resolutions that were adopted recently in the North Dakota Farmers Union convention.

From the program adopted at North Dakota Farmers Union convention:

"Long-range reciprocal and multination trade agreements that will encourage trade with other nations on a fair exchange basis. Farmers Union broadly supports this principle and urges its maintenance and renewal. Other legislation affecting international trade should be made consistent with these principles with adequate provision to insure parity return to United States farm producers and give preference in allocation of import licenses to United States farmer-owned and controlled cooperatives.

"9. Canadian imports: Pending enactment of full parity legislation that will safeguard United States family-farm producers through deficiency payments or otherwise, we urge that the Secretary of Agriculture and the President of the United States take action immediately to limit imports of any farm commodity at a time when the price received by family farmers for that commodity is less than 100 percent of parity."

We feel that existing law gives entirely sufficient discretion and authority to officials of the executive branch to make the needed adjustments as mentioned above. If that is not the case, we urge enactment of appropriate legislation.

By all means, dishonesty and crooked dealing in imported farm commodities should be stamped out and violators brought to trial. Executive branch officials who are lax or tardy in this regard should be disciplined.

The CHAIRMAN. That is signed by Mr. John Baker?

Mr. COLLINS. Yes, sir.

Mr. Chairman, before we proceed, I wonder if we could place in record without reading a copy of your letter of September 25 to the Honorable Ezra Taft Benson, and Secretary Benson's reply, dated October 9.

The CHAIRMAN. Yes. Put them into the record.

(The letters referred to follow:)

SEPTEMBER 25, 1953.

Hon. EZRA TAFT BENSON,
Secretary of Agriculture,
Washington, D. C.

DEAR MR. SECRETARY: Producers of oats, barley, and rye are deeply disturbed about the downward course of prices for their products, due chiefly to the increasing flood of imports of these three important commodities from Canada.

The fact that there are now in effect for the 1954 crop restrictions on the acreage of wheat will naturally result in an increase

in the acreage of oats, barley, and rye. Thus, the problem of a downward price trend for these commodities is certain to continue unless prompt and appropriate action is taken. Such action is possible, pursuant to section 22 of the Agricultural Adjustment Act, as amended.

It is realized that you did recommend to the President the institution of appropriate action looking toward an import quota on oats and that after a public hearing action is now awaited from the United States Tariff Commission.

Similar action is needed at once in the case of barley and rye, and it is hoped that you will institute action in the case of these two commodities, and that early action by the Commission in the case of oats can be obtained.

According to the Department of Agriculture's agricultural prices released on August 28, on August 15 the average price being received by farmers for barley was 81 percent of parity; on rye, 68 percent of parity; and on oats, 81 percent of parity. In this case, parity is the new or modernized parity, which is approximately 20 percent lower than old parity for these commodities.

The average price received by farmers on August 15, according to the same report, was \$1.10 per bushel for barley; \$1.15 per bushel for rye; and \$0.717 per bushel for oats. For producers in many surplus-producing areas, including my State of North Dakota, the actual price to farmers was below the national average.

These prices were below the price supports being offered by the Commodity Credit Corporation. In the absence of import quotas the farmer is forced to use price supports, while the demand for his gain is met by imports in part.

Data from your Department's Grain Market News and Technical Report for September 18 shows an alarming increase in the imports since July 1, 1953, especially of rye and barley.

This report, on page 6, shows that from July 1, 1953, through September 10, 1953, we imported 2,326,000 bushels of rye compared with 579,000 bushels for about the same period last year.

We imported 7,924,000 bushels of barley from July 1, 1953, through September 10, 1953, compared with 1,951,000 bushels from July 1, 1952, through September 11, 1952.

In the case of oats, we apparently are embarked upon a course of imports which will once more mean a new record or near record of around 70 million to 75 million bushels for the year. From July 1 through September 10, 1953, we had imported 13,130,000 bushels of oats, and I am reliably informed by grain men, noting the trend of events, that the rate of oats imports will tend to increase in the months ahead.

You are, of course, familiar with the fact that the tariffs on these commodities have been so reduced by trade agreements as to serve as no significant limiting factor on imports. The tariff on rye, which was 15 cents under the 1930 Tariff Act, has been reduced to 6 cents, the tariff on oats from 16 cents down to 4 cents, and the tariff on barley from 20 cents to 7½ cents.

It is interesting to note in that connection that the tariff on beer is \$3.875 per barrel, and that about 1 bushel of barley is required in the manufacture of a barrel of beer.

These tariffs are more than offset by lower transportation costs in Canada, where there has been no increase in freight rates since before 1940, while we have had numerous increases in those rates here. For instance, from Northgate, N. Dak., the freight cost to the head of the lakes, Duluth-Superior, is 15.14 cents per bushel, while from Northgate, Saskatchewan, just across the street from Northgate, N. Dak., the freight to the Canadian head of the lakes, Fort William-Port Arthur, is 6.08 cents per 32-pound bushel.

Thus, with a tariff on oats of 4 cents per bushel, Canada has available at the head of the lakes an advantage of more than 5 cents.

Lake shipping rates from the Canadian and United States head of the lakes to such points in the United States as Chicago and Buffalo are virtually the same.

Added to this advantage are substantially lower production costs in Canada.

We have appropriated limitations on the imports of cereal wheat, cotton, flaxseed, and a number of other commodities. Just why the producers of oats, barley, and rye should be discriminated against is difficult to understand.

These producers were greatly impressed by the statement made by President Eisenhower, when he was a candidate for office, in his September 6, 1952, speech at Kasson, Minn. You may recall this statement from that address:

"As provided in the Republican platform, the nonperishable crops so important to the diversified farmer—crops such as oats, barley, rye, and soybeans—should be given the same protection as available to the major cash crops."

Doubtless he had in mind their treatment both from the standpoint of price supports and protection against the destruction of their prices by an undue flood of imports.

Section 22 has been enacted and reenacted by Congress, on a number of occasions, and thoroughly discussed and debated. Many Members of Congress from the farm States are greatly disappointed in the failure to employ this congressional authority in the administration of farm-commodity programs. It is very difficult to explain to a producer barley, rye, oats, and a number of other commodities why action is not taken by the administration pursuant to the spirit and intent of section 22.

In recent visits to my home State and to nearby States, farmers have repeatedly called my attention to this situation. They are aware that our price supports are most valuable but that, unless supplemented with import quotas, these supports serve as a magnet to attract in imports with the result that more of their commodity goes under price support than would otherwise be true, at a far greater cost to the Treasury than would be necessary.

It is very unpleasant for them to see their markets lost. In the case of barley, there is a particularly important consideration. It is this—that, while barley-support prices are based on the feed value of barley, many farmers seek to produce a quality barley aimed at obtaining premiums for their commodity from maltsters. These premiums have fallen sharply, and Canadian barley has pre-empted to a very large extent the premium market.

It is very difficult for farmers in the Central Northwest to make sales of barley, rye, or oats east of Chicago. The eastern market, which the western farmers long supplied with feed grains, has almost completely disappeared.

It seems to me that very prompt relief could be supplied because shipments from Canada are apparently increasing and, if action is not taken soon, it will be another case of locking the barn after the horse is stolen.

In recent days, in my capacity as chairman of the Committee on the Judiciary, acting on a large number of complaints, I have conducted hearings in which I have obtained a great many facts from subordinates in your Department and in testimony from persons familiar with the situation. In view of the testimony given to our committee, it may be necessary to inquire whether the situations described above have arisen in violation of 15 United States Code 72.

There are steps which, of course, we can take in Congress to deal with this situation,

but it is obvious that section 22 provides an adequate approach, if it is utilized, and that this situation requires prompt administrative action and cannot await the reconvening of Congress, now scheduled for January.

It is both a challenge and an opportunity for you to serve American agriculture.

Sincerely,

WILLIAM LANGER, *Chairman.*

DEPARTMENT OF AGRICULTURE,
Washington, D. C., October 9, 1953.

HON. WILLIAM LANGER,

United States Senate.

DEAR SENATOR LANGER: This is in reply to your letter of September 25 indicating that the producers are disturbed by the downward course of prices of oats, rye, and barley, due, in their opinion, to the increasing imports from Canada, and recommending that section 22 action be initiated to control imports of barley and rye in a manner similar to that underway for oats. The representatives of our Production and Marketing Administration who discussed the question of rye imports with you on September 24 also have informed me of your desire that the Department undertake an investigation on rye and barley pursuant to section 22 of the Agricultural Adjustment Act, as amended.

You will be interested to know that such an investigation already is underway in this Department. As a matter of fact, for some time we have been reviewing the entire question of feed-grain imports from Canada and their impact upon our price-support programs.

The purpose of our investigation is to determine whether there are sufficient grounds for us to advise the President that there is need for the Tariff Commission to make an appropriate investigation under section 22. Under the provisions of section 22, the Secretary of Agriculture is required to advise the President whenever the Secretary has reason to believe that a commodity such as barley or rye is being or practically certain to be imported into the United States under such conditions and in such quantities as to render ineffective or materially interfere with any price support or other program for the commodity concerned.

As we have stated on many occasions, section 22 provides a satisfactory approach whenever imports come in under such conditions and in such quantities as to interfere with our price-support programs.

Every effort is being made to expedite the Department's investigation of barley and rye under section 22.

Sincerely yours,

E. T. BENSON,
Secretary.

The CHAIRMAN. You may proceed.

Mr. COLLINS. We have with us today Mr. Howard Gordon, Administrator of the Commodity Stabilization Services, accompanied by Mr. Tom Walker, Grain Branch, Department of Agriculture; Mr. Murray Thompson, Office of Price Production and Marketing Administration; Mr. Ray Suppes, Grain Branch; Mr. Douglas Bagnell, Director of Compliance, CEA, Department of Agriculture; and Mr. Delos James, appearing for the National Grange.

The CHAIRMAN. I also have a letter here from the Farm Bureau. Will you just file that? That will be made a part of the record.

(The letter referred to follows:)

THE NORTH DAKOTA FARM BUREAU,
Fargo, N. Dak., November 25, 1953.

HON. WILLIAM LANGER,

United States Senate,

Washington, D. C.

DEAR SENATOR: Mr. Donnelly has referred your letter of November 10 to me for attention.

Mr. Donnelly was compelled to leave for another meeting immediately following our

annual meeting and due to another REA meeting in Florida later on will make it impossible for him to attend your hearing at Washington on November 30.

The reason for the delay is that he thought for a while that perhaps he could make it.

He asked however that for your information we should enclose a statement that was made by a group of farmers on June 26, which definitely requested that more consideration and quicker action was needed in determining the large importation especially of oats, rye, and barley which directly affect us in North Dakota.

Sincerely,

G. J. STAFNE,
Secretary.

WHAT THEY SAID

(A summary of opinion collected at 60 public meetings for farmers in North Dakota, June 6-26, 1953. Opinions herein do not necessarily represent policies of the North Dakota Farm Bureau but serve as step one in the policy development program of the Bureau, 1953-54)

SOME CONCLUSIONS DRAWN AT FINAL MEETING, CARRINGTON, N. DAK., JUNE 26, 1953, BY DELEGATES FROM EACH OF THE 60 PUBLIC MEETINGS

1. Continue experimental Federal crop insurance program with adequate but not profit coverage.

2. Study feasibility of creating commercial wheat areas by classification.

3. Increase 1954 wheat acreage to 66 million but not increase permissible carry-over. Retain traditional history bases.

4. Liberalize farm storage programs, get more information on them to the public.

5. Restrict ACP payments to permanent type practices.

6. Leave use of diverted acres up to managerial discretion of farmer.

7. Study the two-price system for wheat and provide information to counties.

8. Approve signing of reciprocal trade agreements, but give USDA authority immediately to enact section 22 in case of disrupting imports of agricultural commodities. The Secretary should have the right to set up embargoes on price supported commodities whenever the price goes below parity, and explain his position later to the Tariff Commission and the President; and further, when imports are permitted, the Secretary should so regulate them as to make for an orderly marketing process.

9. Continue as amended the Agriculture Act of 1949, with six basic crops set at 90 percent of parity, until something better is found.

SUMMARY OF 60 MEETINGS

1. *Are the present agricultural imports detrimental to American farmers; and if not, should the Reciprocal Trade Agreement system be continued?*

In analysis of the meetings there was near unanimous agreement that some form of mutual trade between nations has to exist—that nations have to import in order to export. In only 1 or 2 summaries was there complete rejection of the concept of trade in agricultural commodities, with a trend to thinking that production "only for the American market" be maintained. Usually this opinion was accompanied with the thought that United States industry enjoys more favorable positions in the tariff picture and that no agricultural concessions be made until "substantial industrial tariff reductions are accomplished."

There was general agreement that the quantity of foreign agricultural commodities shipped in was not as important as to the timing—the "when" of the shipment. There was feeling that the delicate United States market, sensitive to changes, has been disrupted even with a small import quantity.

One exception to the above statement was the case of rye. We are admitting too much rye, according to some.

The following recommendations were made in many meetings:

(a) Approve signing of Reciprocal Trade Agreements, but give USDA authority immediately to enact section 22 in case of disrupting imports of agricultural commodities. The Secretary should have the right to set up embargoes and explain his position later to the Tariff Commission and the President. (b) Set up quotas for the importing nations at the beginning of the year, or crop year. In most cases it was felt this could be done. Then set monthly quotas, to permit orderly arrival on the United States market of the foreign commodity. It was felt that this method would permit introduction of grain in present amounts to the United States commodity market without any disruption whatsoever.

Minority report: In several meetings the following recommendation was made: Where a price support program is in effect on an American product, imports of that product should be immediately suspended, with the embargo remaining in effect as long as that commodity is being supported through a Government program.

In meetings where the subject was considered, there was condemnation of the situation which permitted gain marked "Unfit for human consumption" to get into the United States market channels and to be sold, either with or without blending.

2. *Do you favor the same level of price support for all commodities? If not, what crops should receive higher levels of support?*

In discussions, there was general agreement that all grain crops grown in North Dakota should get an "equal weight" in any program set up. There was, however, less agreement on what that weight or level should be.

There was agreement that full parity of income for the American farmer compared with the rest of the economy was the ultimate goal of all and this led in some meetings to an analysis of parity as a fair yardstick for the United States farmer today. Some questioning of the validity of parity as a fair yardstick was heard. Some farmers pointed out that certain commodities (carrots were mentioned in one meeting) could be produced profitably at much less than 100 percent of parity, and that higher supports would lead quickly to overproduction.

It was generally agreed in several meetings that the production of wheat required a high price guaranty and this resulted in recommendation that research be made on increasing efficiency of processing and distribution of agricultural products. One meeting recommended: "We urge a comprehensive study of our agricultural marketing system as soon as possible."

One meeting was specific on the subject of designating crops to be given higher levels of supports, including spring wheat, rye, oats, corn, flax, and barley.

Summaries of the meetings revealed considerable opinion in favor of the present support levels, to be maintained "until something better is found and proven to our satisfaction." This approval included the division of storable and nonstorable crops as well as the present support level of each commodity. The use of section 32 funds to purchase perishables from time to time in the periods of market glut and to dispose of those through welfare, school-lunch programs, etc., was approved and there was general feeling that this method was working.

At one meeting, the following recommendation was proposed: "That full parity (100-percent parity price) be offered for any commodity under a production-con-

trol program, including allotments or quotas or both." It was indicated that this 100-percent support was not to be the ceiling, but in case where the market demand pushed the price higher, the farmer would be allowed to benefit.

Several meetings registered their disfavor of variable supports as follows:

1. It is too late. Too many farmers are now producing wheat and will continue to produce it.

2. In any contest to move wheat acreages out of production through the price method, producers in the northern United States will lose to southern producers who move to market first and who have higher per-acre production.

3. There does not seem to be any possibility of getting the integration necessary to make variable supports function. Variable or flexible supports appear to have a chance of working only if the entire agricultural economy is operating under them, with price and cost ratios interrelated. Furthermore, the urban economy must be related to reflect similar flexibility. There does not seem to be any such elasticity in the American economy today.

There was agreement that increases in wheat production have not occurred in North Dakota, or in the spring and durum areas, and that North Dakota's wheat product has never deserved the name "surplus." In most cases the grain has been sold and used at some time in the crop year. A fair division of the national acreages should then be made, based on the traditional production of North Dakota, on the quality and marketing demand.

There was concern that the acreage allotments take consideration of this fact and agreement that wheat is being produced for the loan and not for use. Some damage is being done to certain areas, it was suggested, by this unnatural shift, such as fruitgrowers shifting to wheat as a result of the high supports. Reference was made to Michigan and Ohio in one meeting.

Minority report: In some meetings there was strong support of a 100 percent of parity price support by the Government on all commodities being produced in America. One meeting limited the full 100-percent parity support to milling wheats, oats, barley, flax, and rye. In discussion, the 100-percent support was also extended to livestock. Support for this approach was encouraged by the following statements:

1. Such a program would have to be accompanied by close marketing controls, but such curbs would not be serious for farmers, but in the American tradition of "fairness to all." The controls would serve to limit the larger producers and give the smaller producer better opportunity.

2. Where the 100-percent level of support "across the board" prevailed, the farmer will adhere to his traditional and normal operation and not be forced to shift to unnatural operation in order to get a good income. There will be farming operation in the best tradition of the area and with the best conservation approach to the soil.

3. Surplus in many commodities, instead of in a relative few, will be prevented by the production controls indicated above.

In at least one meeting the following suggestion was made: Set up a program of flexible supports, with no production controls, but with the support ranging between 90 percent and 110 percent of parity. The general amount of permissible backlog of commodities on hand should be raised to accommodate the increased production resulting from the support levels.

One meeting also recommended that feed crops should not be given a lesser weight in any support program developed by the Government.

3. To what extent will you accept production controls in order to get a satisfactory price support level?

There was almost unanimous agreement in the meeting summaries that farmers will vote "aye" on the referendum to establish quotas in 1954.

Farmers generally regard these as "a last resort" and showed no enthusiasm for the control program in their comments. But it was agreed that the situation seemed to call for "last resort" action (see question 9). This action should not be delayed any longer, due to the effect of the visible surplus on the United States market.

In at least one meeting it was expressed that farmers will accept controls firm enough to cut supplies to the point where parity will be maintained in the marketplace, through demand.

The majority of the meetings seemed to favor reduction of acreages in 2 years rather than in 1 year, by limiting the 1954 cut to 15 percent of the present acreage or 66 million acres. Concern was expressed about making sure that foreign imports of wheat do not flood the United States market in the face of United States reductions, next year. In at least one meeting it was predicted flatly that Canadian wheat imports will increase heavily with ways found to avoid quotas at the border.

There was mixed opinion on limiting those who will come under the quotas, by raising minimum requirements to 25 acres or 400 bushels. Some felt that it was true that the small producer would vote the program out in order to avoid redtape. Others felt the small producer would not even vote, due to the lack of interest. Still others felt that releasing about two-thirds of the Nation's wheat growers from the quota would free enough to risk continued overproduction of wheat.

One recommendation for approval of the control program said it was "inevitable due to a failure of farmers and USDA to work on the marketing and world export problems, which are positive approaches to the matter."

Only a very few producers questioned the length of time that controls will be applied or pointed out that voting the quotas out would be increasingly difficult from year to year. There was mixed opinion on the matter of how production controls will affect the smaller producer, compared to the large. Some said the larger producer will be able to take the restrictions more easily than the small. Some said the controls will benefit the smaller family-type farmer more than the larger by (1) permitting better conservation practices. The smaller producer will not have to strain his operation and overplant in order to compensate for lowering supports; (2) giving the smaller producer less cuts, particularly if size, operating efficiency, and soil are considered.

In general, there was plenty of indication that North Dakota wheat men will vote in any referendum for controls, with the alternative being unthinkable at the present time, and with present conditions. The level of the wheat market and the fluctuations during the period of the public hearings contributed in great measure to this.

Acceptance of controls was predicated on several things, including the method of establishing the allotments. (See question 4, below.)

4. What can we do to simplify the control machinery if it is needed? Here are a few suggestions that have been proposed:

(a) Allotments on a percentage of tillable acreage basis, adjusting the base to geographical areas and to average yields.

(b) Bushel allotments rather than acreage allotments.

(c) Retention of allotment, not based on actual planting from year to year, but as-

signed to the farm on a more or less permanent basis.

(A) Tillable acreage basis: There was general apprehension among audiences concerning the way in which the controls will be applied.

In meetings held in the eastern part of the State there was strong support of this method, as against a straight historical bases method, or even a combination of bases and tillable acreages method. The feeling was that the historical bases method would cause many inequities.

Opinion was expressed that if the 1953 history had been removed from calculations and announcement made, there would have been less scare planting of wheat. Additions to wheat acres were made in 1953 after carryovers and forecasts were announced. The exact amount was not estimated by producers, but all agree such planting had been made.

In western meetings choice between acres and histories was about 50-50. Opinion of those against the former was as follows: (1) Land would have to be classified to make tillable acres work; (2) the method is more advantageous to diversified farmers; (3) the method forces wheat plantings.

Also in western meetings support for bushelage allotments was about 75 percent in favor. Reasons were one of simplification, ever-normal granary, absence of controls, etc.

At least one meeting recommended that a family-sized farm, 480 acres or less, be eliminated from the allotment and quota system.

Another recommendation was that graduated allotments be effected, so that each farm would be allowed 100 acres which would be exempt. The next 100 acres would be cut 15 to 20 percent. Anything over 400 acres would be cut 50 percent.

Another recommendation was as follows: "For the State of North Dakota 25 percent of the tillable acres on any farm should be allotted for the production of wheat. We look with disfavor on the method of wheat acreage allotment on a percentage basis (compared with past wheat acreages). This could mean poor farming practice on many farms. In addition to allotments, farmers would also have marketing quotas, the latter to be based on home consumption and foreign markets."

"All additional wheat raised above the quotas will be stored in the farmer's name, either in farm storage or public warehouse, and at no time can he seed more than his marketing quota in any one year."

The above-suggested program is meant to be accompanied by a 90 percent of parity support on wheat. For any other grain supported under the 1952 CCC loan and purchase agreement, support will be set at not less than 90 percent with no acreage allotments or marketing quotas.

In addition to the above 25-percent limitation on wheat, an additional 25 percent of the tillable acres will be taken out of production and used in soil-building practices under a farm-rotation plan, with the conservation worked out by the local PMA committees.

(B) Bushel allotments: There was considerable interest in bushel allotments as opposed to acreage allotments and controls. Some familiarity with the method was indicated through the Canadian system. Reasons included the freedom from controls, ability to store or feed, and simplification of the administration.

Those in opposition to bushelage controls called them "a long way down the control road" and pointed out they penalize a good farmer and are curtailment of the present efficient systems of farm production. The method results in the sale of allotments

rather than the sale of land in the real-estate exchanges.

A leveling off of production and marketing would follow, they claim, with no incentive to develop good farming methods and increase efficiency.

(C) Allotments retained, without required plantings: At many meetings, there was interest in how planting requirements might be eliminated so that a producer would not have to continue to plant certain acreages to maintain the allotment. If a farmer could protect his allotment without planting he would have greater freedom and be more willing to practice good conservation methods.

Minority report: Some producers regard controls as unacceptable, hard to get rid of, and damaging to the farmer. It gets increasingly difficult to vote against controls, they claim, because the alternatives get increasingly unthinkable as the controls continue. It was pointed out that production curbs are negative approaches to the problems of world markets and distribution and provide propaganda for the Communists who are appealing to the hungry of the world with promises of food.

Controls spread like a disease, they point out, and controls on grains are followed by more controls on other farm commodities. Reference was also made to the Canadian method as an example of tough controls, and it was pointed out that the simplicity of the bushelage method made it easy for the Government to tighten the control at will.

"Canada is the graveyard of old machines, unpainted buildings, and full bins," it was said by one producer. The value of wheat in Canada as loan collateral has diminished steadily, it was said, and despite the control in effect by the Crown, Canada has a carry-over of 250 million bushels this year.

"We are interested in income," some farmers said, and to reduce the bushels by controls cuts the income more rapidly than a reduction in price. A 100-percent parity of income is further from accomplishment under the control route, it was said.

As an example, if flexible supports had prevailed the current price would have been 80 percent of parity, which on 1,000 bushels would have netted about \$2,000. With a reduction of 20 percent on 1,000 bushels, income would be \$240 less for the year. This would be only a 20-acre cut at a 10-bushel average. Added expense on this acreage would be small, if you have the machinery and operate yourself.

This departure away from parity of income under a control system is even greater for the North Dakota farmer than for other parts of the Nation, because of the tradition of wheat growing in this State, it is pointed out.

Controls for durum: In areas of high production of amber durum, attention centered on the future of durum under the control program.

Considerable dismay was registered at announcements from Washington that a special program was going to be set up for durum or that durum would be taken out of the control program.

Such a method would result in disaster for the durum industry, it was felt, since there would be heavy durum plantings all over the Nation as controls were placed on other varieties.

Alternatives recommended by producers included:

(1) Take durum out of the allotment program, in order to meet demand, but drop supports to 50 percent of parity.

(2) Give durum a special program for 1954 but limit marketing cards to those who have a durum history during the past 3 years.

(3) Give durum a special program for 1954 but make a geographical area or areas in which the program is effective. This in effect would be a commercial durum area.

(4) Leave durum in the acreage allotment and quota program, but there should be no acreage cuts next year. Assignments of allotments should be based on the 3-year history now collected by FMA.

(5) Leave durum in the program and reductions will be made by producers in the hard wheats they plant. In the durum triangle producers have about 75 percent durum, 25 percent other wheats. In other fringe areas of the triangle, percentage is about 50-50, leaving room for cutting.

5. *Should a commercial wheat area be established similar to the commercial corn zone or is it too late?*

There was considerable interest in the idea of commercial wheat zone or zones but also doubt that it could be installed over what is sure to be heavy opposition from other parts of the Nation.

As long as other areas have built up heavy wheat histories and some work done on improving quality and building markets, it was felt that a commercial hard wheat area would be very difficult to establish. However, the idea has a great deal of merit and intrigues North Dakota producers.

One suggestion: Wheat should be classified and different prices be allowed for different classes rather than by grades. Another: A milling wheat area, based on quality.

6. *Would you approve a two-price system for wheat, keeping the wheat used domestically for humans at about parity and the export at the world price?*

A summary of the reports indicates that the two-price system is regarded by North Dakota wheat producers as the No. 1 alternative to the control program, particularly for wheat.

Questions, pro and con, raised by producers included:

(a) Will a loan system at parity level also be maintained with the program?

(b) What methods will be used to insure purchase by millers of the parity-price domestic wheat?

(c) Won't the program fail unless the parity-level support is given only to family-sized units?

(d) Under a two-price method a graduated scale for producers should be set up: 40 acres on the first 160, 30 on the second 160, and so on.

(e) Under such a program, farmers themselves should take the lead in locating foreign markets, stimulating sales, and otherwise moving wheat to market, foreign and domestic.

(f) Will a two-price system work without bushel or acreage allotments?

(g) If many two-price programs have the feature of farmer financing, how will these collections be made?

Means of holding onto some of the world market, that some meetings requested that a plan be prepared and presented to counties before annual meeting time.

In most cases the International Wheat Agreement was recognized as a type of two-price system and identified as such. It was questioned how a two-price program would function in relation with IWA.

Minority report: Most meetings were attended by at least 1 producer who felt that the 2-price program would work unfavorably for the wheat man. He questioned the establishment of a Government pool and felt that the percentage of domestic to foreign wheat could change unfavorably to the farmer. Also that the assumption of near parity for domestic wheat was perhaps optimistic. It was felt that the two-price could soon become a multiple price, with many different prices and that the cutrate price to overseas markets could result in giveaway, dumping, and waste. "We are giving away not our wheat, but our soil conservation and fertility when we engage in such a program," one producer said.

7. *In the event there is curtailment of the wheat acreage allotment, how should the diverted acres be handled?*

There was agreement at most meetings that problems in other crops will arise, once wheat acreages are taken out of production. Some wheat producers will also find it easier to shift to other crops than producers in certain parts of the Nation.

Generally speaking, farmers want to retain managerial decision over the diverted acres. It was felt that if USDA recommended cover crops, soil-building programs, etc., farmers would in the main comply. Western meetings favored USDA control, as a rule.

It was admitted that diverted lists prepared by USDA, listing crops to which farmers could not switch, might follow any control program. But producers wish to retain control of any acres taken out of production.

A grass program, with the Government paying a set sum per acre on an annual basis was discussed at some meetings. It was felt that any annual payment representing a higher-than-normal interest return would result in the introduction of heavy capital investments in farm real estate from non-agricultural sources, including insurance firms, industrial trust funds, etc.

One suggestion was made as follows: Diverted land should be seeded to grass with an adequate payment but this seeded grassland should not be used to increase livestock. The payment should cover taxes and interest on the investment. As an example, a man having a 50-head herd could use his diverted acres to build up his pasture reserve, but could not increase his herd number beyond a normal increase.

Generally speaking, there was a trend to the idea of putting marginal land back into grass, but agreement that the word "marginal" has changed in meaning. Acres should be left out of production, if the purposes of the controls are to be accomplished. The control program can hurt North Dakotans more than certain other wheat States, it was claimed.

8. *Would this group approve a Government program to put the idea of quality into the wheat loans and purchases, so that the amount of the loan was based on the quality for human use of the wheat?*

The quality of wheat was very appealing to most producers attending these meetings. It was felt that quality was the missing ingredient in the support program of the Government and that if it could be introduced it would benefit everyone.

Reference was made at some meetings to a recent statement by Dean Walster, NDAC, calling for farmers to insist on the quality feature, similar to the tobacco programs. "Farmers must stand up on their hind legs and demand this feature," Walster was quoted.

A classification of wheat for human consumption will help in taking the dogbiscuit element out of the wheat program and restore many acres to their traditional uses, it was felt.

NDAC has for many years, stressed quality approach to Dakota production. This has been done by recommending quality varieties, stressing quality rather than quantity, and carrying this approach into flour milling and baking. This approach is not now paying off for the North Dakota farmer.

In addition, there have been events which have destroyed the quality reputation of the Dakota farmers' wheat. These include blending and other processing and handling methods which have distorted the high level of the original product.

In general, there was fair agreement on this question. In at least one meeting, however, a producer pointed out that in a year of low production, a quality measurement of Dakota wheat could result in lower payments to farmers.

9. *Should we delay the allotments and quotas for another year by increasing the amount we can carry over as reserve without having quotas called?*

In general there was a feeling that any attempt to delay the production control would be merely delaying the inevitable. This opinion was sharpened during the series of hearings, as the June 10 crop forecast was received and as USDA made more definite announcements of the referendum.

There was agreement that surplus, in whatever position are price depressing, and that with or without Government support, big surpluses depress the market. Moreover, the storage problem must be considered, too. The bill to increase the carryover by 100 percent was questioned as being adequate to even then avoid the peril point where quotas would have to be called.

Minority report: Several of the meetings brought about the following approach to the surplus problem:

There really is no surplus. The world has hungry people and no surplus exists where there are hungry people. The problem is one of distribution. We should give the surplus away as best we can, limiting the gifts to the free world if possible.

Our legal surpluses are woefully inadequate and antiquated. The world is in such turmoil that our visible backlogs should be at least twice the legal size. Such surpluses would be a deterrent to any aggressor.

One producer claimed that the surplus announcements were part of a plan to drive down the wheat price and that the quotas would never be applied. He felt that the quotas if announced, would never be enforced by USDA.

At the same meeting, there was an informal opinion that the quotas would never hold up legally and could be successfully challenged in the courts, and probably would be challenged.

10. *Do you favor ACP payments for anything other than permanent practices?*

There was general agreement through the meeting series that the payments for annual practices (mostly summer fallow) were bad, useless, foolish, humiliating, waste of money, etc. Very little in favor of the annual payments was heard.

This firm opinion was bolstered by a feeling that the money being spent for annual practices could better be used for research, including rusts, diseases, insects, marketing, processing, and storage.

Also, funds could be used for more permanent practices, such as drainage, shelterbelt, conservation to grass on marginal land and for research in irrigation, etc.

Recommendations included the following:

(a) Stripcropping the first time should be considered a permanent practice.

(b) A permanent practice that falls should be paid for a second time. (Such as grassing a runoff.)

Farmers said they will summer fallow at the right time without the four-bits.

Minority report.—At least three meetings, the ACP payments, of whatever type, were defended, either as necessary to soil conservation or as additional subsidies which are badly needed by farmers caught in the squeeze.

The opinion was expressed that farmers will not summer fallow at the right time or in the right manner without the incentive payment.

Other opinions expressed by the minority groups:

(a) If the payments are limited to permanent practices, some counties cannot qualify for many of them and so will lose the allotment to some other county or State.

(b) Any ACP program should give the new farmer or the veteran the same break that farmers have received during the past 10 years. The education feature of the annual

practices should be made available to the new farmer.

(c) The diverted acre problem calls for more ACP payments, rather than less.

In at least one county resentment was expressed against the control exercised by the State PMA committee over expenditures by the county committee of ACP funds. The following recommendation was approved: *Resolved*, That this county committee be given free control of the county ACP fund, with power to distribute it as the county committee sees fit. (Passed unanimously.) It was also pointed out that the local committees would have a say.

11. *Do you favor or oppose a Federal sales tax?*

Wherever there was time to discuss this question, rural opinion was heavily against a sales tax. In isolated cases the sales-tax method was favored but it was also added that farmers should not be taxed on their tools—referring to machinery or vehicles or any other tool with which farmers produce.

12. *Do you approve of the present crop-insurance program of the Government or do you have suggestions for changes and improvements?*

Generally, there was opinion throughout the meetings that the experimentation in the program should continue and further studies made. It was also agreed that there are a lot of loopholes that need to be adjusted.

Interest was shown in the multiple contract as being tested in certain Dakota counties. Where the multiple contract is in effect applications are numerous and satisfaction greater.

Opinions included:

"We favor higher protection with higher premium."

"Program is good in principle but poor in practice."

"Program causes some carelessness in farming. Program should be more flexible where better farmers get benefit. Good practice should result in lower premium after 4 and not 7 years."

"Contracts should be based on each quarter section. Eliminate the 10 percent no-harvest penalty."

"The name of the program is misleading and causes urban people to regard it as another subsidy program. Name should indicate that farmers pay premiums."

"Program should be based on 100 percent of average crop, should cover all crops. Separate contracts for each 160 acres."

"Premiums should be based on individual rather than on neighborhood or regional schedules."

Other subjects discussed at the meeting included: Farm Bureau plan for bartering surpluses to friendly nations through mutual aid, the storage problem and difficulty of securing any Government bins; gift of wheat to Pakistan; the Government plan to provide insurance protection for exporters who are dealing with foreign customers and whose stocks are in danger of expropriation, etc.

IMPORTATIONS OF RYE AND BARLEY
STATEMENTS OF HOWARD GORDAN, ADMINISTRATOR, COMMODITY STABILIZATION SERVICE; TOM WALKER, GRAIN BRANCH, DEPARTMENT OF AGRICULTURE; MURRAY THOMPSON, OFFICE OF PRICE PRODUCTION AND MARKETING ADMINISTRATION, DEPARTMENT OF AGRICULTURE; RAY SUPPES, GRAIN BRANCH, DEPARTMENT OF AGRICULTURE; DOUGLAS BAGNELL, DIRECTOR OF COMPLIANCE, COMMODITY EXCHANGE AUTHORITY, DEPARTMENT OF AGRICULTURE; AND DELOS JAMES, THE NATIONAL GRANGE

Mr. COLLINS. You gentlemen will recall that we held hearings here on September 23 and 24, to secure some information as to what is the effect of these unusually large

Canadian imports of rye which have been flooding the American market, and from what we understand, depressing the price of rye and consequently reducing the return to the domestic producers.

I wonder if Mr. Gordon and his assistants could bring us up to date with figures since our last hearing under date of September 24.

In that connection, I wonder if Mr. Gordon could give us any information from the investigation which is presently being conducted pursuant to Secretary Benson's direction that these importations of Canadian rye have affected our present price-support program.

Mr. GORDON. Mr. Chairman, from the standpoint of figures, I would like to have some of the staff here give you those. The investigation which was made with respect to the effect of Canadian imports of rye has been completed. A docket has been prepared and acted upon by the Board of Directors of the Commodity Credit Corporation. It is now ready for transmission to the President, according to the procedure which is provided for under section 22. It probably will reach the President some time next week.

That is the situation as it now stands. Now with respect to the actual figures, I think you would prefer to get those from the men who made them up.

Mr. WALKER. Mr. Suppes, why don't you pick up and carry on.

Mr. SUPPES. We have prepared a little fact sheet here, Senator, that gives a high spot picture. We can look at those facts and figures and see if you want to go deeper.

Here are a bunch of statistical tables that will answer almost any question that might arise pertaining to production, prices, and so forth.

Mr. COLLINS. Could we start off this way, Mr. Suppes: At our last hearing, we have for the record the amount of rye that has been imported for the crop years up to 1952-53. Could you start and take July 1, 1953, and give us the amount of rye that has been brought in since July 1 up to the closest date, to today, so that we will have some basis for comparison?

Mr. SUPPES. If you will look at the bottom of the sheet, you will see July 1 to November 18, the latest data, 5.4 million bushels have come into the United States as actual imports and cleared customs. In addition to that, some 3.6 million bushels has moved into the country but not yet cleared customs and we call it afloat or in bond. So that is a total of 9 million bushels that has moved in 4½ months.

Mr. COLLINS. So that as of November 19 there has been brought in, since July 1, 9 million bushels of Canadian rye?

Mr. SUPPES. It would be more accurate to say that 5.4 has been brought in, but an additional 3.6 has moved across the lakes and is in a position to move through customs. It is conceivable that some of that might be reexported and not be United States imports, but it is not likely.

Mr. COLLINS. It is in bond. Does that mean that if it is outside of Chicago this morning and in bond, it could be dumped on the Chicago market tomorrow morning?

Mr. SUPPES. Yes; it could move through customs at any time, or it could go back to Canada, or it could go abroad, to Europe or some place. But it is likely to stay in the United States. It might be in bond for 3 to 6 months before it becomes an import.

Mr. COLLINS. Isn't it natural to expect that if they put it in bond and bring it to Chicago or Buffalo, that it is going to be dumped on the American market?

Mr. SUPPES. Eventually. Just before the lakes freeze, there is a big rush to get the maximum movement across the lake. This type of thing happens every year, where we have a big bulge in imports in November and December.

Mr. COLLINS. I understand that just last week there were roughly 2 million bushels brought in. Would that 2 million bushels that came in last week be apart of the 3.6 million bushels that is in bond and afloat?

Mr. SUPPES. That is based on Canadian reports and we have no way of knowing exactly how much of that 2 million shows up in our figures here, how much has been picked up as in bond figures. I would guess maybe half of that 2 million is in our figures and maybe half of it is in addition to our figures. We have no way of knowing.

Mr. COLLINS. According to your chart here, there is 9 million bushels that either has been brought in already or is in a position to be brought in, as compared with the same period—

Mr. SUPPES. A year ago, 1.3.

Mr. COLLINS. Roughly, 9 to 1.

Mr. SUPPES. And I mean up to the same time. During the entire previous year, 1952-53, 5.7 millions were imported.

Mr. COLLINS. So this appears to be the largest year on record as far as Canadian imports are concerned, speaking of rye?

Mr. SUPPES. I believe that is true.

Mr. COLLINS. What effect will this have on the price-support program?

Mr. SUPPES. Well, it undoubtedly will have a depressing effect on prices. These imports are more than half of our entire production for 1953.

Mr. COLLINS. Have you made any computations or have you tried to project this figure up to the end of the year?

Mr. SUPPES. Well, we have done some rough projecting for our own purposes, in setting up the CCC budget and so forth. Nothing official or nothing for publication. We are surprised at the size of the imports. They are bigger than we thought they would be. If they keep on at this rate, it will be unprecedented, of course, and astonishing.

Mr. COLLINS. Well, it is unprecedented now, this tremendous increase over other years.

The CHAIRMAN. I believe you testified at the last meeting that a certain amount was brought in from January to July. Do you happen to recollect how much that was?

Mr. SUPPES. Well, our year is a crop year, Senator. We practically never think in terms other than that.

The CHAIRMAN. I remember that, but do you have any recollection of what you brought in?

Mr. SUPPES. No; but I would guess it is around 3 million bushels.

The CHAIRMAN. That is my recollection. We have the figures here somewhere.

Mr. SUPPES. This set of mimeographed tables I gave you will probably show that. It is on table 9.

Mr. THOMPSON. It is a little over 3 million bushels.

Mr. SUPPES. It starts in with 471,000, and the biggest month was April, 1.5 million. About 4 million.

The CHAIRMAN. Could we have your personal opinion as to how much more you think will be brought in by January?

Mr. SUPPES. Well, no, sir; I don't think my personal opinion would be worth much.

The CHAIRMAN. It would be purely a guess?

Mr. SUPPES. Yes.

Mr. GORDON. Do you mean by January 1 or July 1?

The CHAIRMAN. January 1.

Mr. SUPPES. Do you mean between now and January? That is just a month and a third or so.

Mr. COLLINS. Isn't it reasonable to believe that these imports will continue up until the time that the lakes actually freeze over? As long as the water is open they can still bring in this rye. If 2 million bushels came in last week, isn't it reasonable to assume that that much might come in this week?

Mr. SUPPES. I don't know that we can assume that. The lakes will freeze any

time now. Maybe early in December they will freeze. The ships wouldn't hazard another round trip, probably, from now on.

Mr. GORDON. I know the Canadians don't expect a movement after the 1st of December.

Mr. COLLINS. Would you have any figures available or have you made any study, in view of the unprecedented amount of rye that has been brought in, as to how it will affect our price-support program? Do you have any information or have you made any study as to how much will go under loan this year?

Mr. SUPPES. This little fact sheet shows how much already has gone under loan.

Mr. COLLINS. What table is that?

Mr. SUPPES. This fact sheet, this typed thing. It is item 3. You will note that 2.4 million bushels as of October 1 or 13.7 percent of our crop, already has moved under loan, and they have until January 31, the farmers do, to avail themselves of their price-support privileges. That is about 20 times as much as moved under loan during the same period last year, which was insignificant last year. The CCC has had very little price-support activity for several years.

Mr. COLLINS. And these figures, of course, will be subject to change or variation up until the final amount of rye has been brought in?

Mr. SUPPES. Up until January 31.

Mr. COLLINS. That is, once the lake has been closed.

Mr. THOMPSON. I believe the record should show that we imported 9 million bushels in 1949-50. We have been talking about it as though this was by far larger than any other imports. It may be when the year is over.

Mr. SUPPES. You have the same table on the bottom of the mimeographs.

Mr. THOMPSON. Twenty years ago we imported 12 million, but of course that was in the 1930's, when we needed it.

Mr. WALKER. That is for the entire year.

Mr. THOMPSON. That is right. I just wanted the record to show that.

Mr. COLLINS. But you will agree that this is a large importation?

Mr. THOMPSON. Yes.

Mr. COLLINS. And there has been a consequent effect upon our price-support program and the domestic price that the farmer is going to get for his rye.

Mr. SUPPES. There is no doubt about it in our minds. You might take a hurried glance at the graph at the bottom of the mimeographed group. Do you see those three lines at the top? They show the price. One is the Minneapolis terminal price, the middle one is the national average, and the bottom one is the North Dakota price, by months, for the last 2 years. And for the first couple of months of this year, too.

The horizontal lines, about the middle of the page, are the equivalent price-support levels. The bottom graph shows imports. You can see the relationship over at the right side of the graph, where imports have gone up and price has gone down.

Mr. COLLINS. Would you translate this graph into figures so we will have that in the record, Mr. Suppes?

Mr. SUPPES. We have a table that shows the figures which I have already given you. I think that is called Rye, United States price-support program and price analysis.

I believe this statement has not been brought up to date, though, to include the current year's activities.

Mr. COLLINS. Where is that, Mr. Suppes?

Mr. SUPPES. In my group it is the third one from the top. That is the whole history of price-support operations, and it gives the national average price received by farmers, the price-support level, and the amount of activity in price-support operations. However, that doesn't carry you right up into the present year of today, because we are still in

a state of flux as to the amount that farmers will place under price support. We haven't shown 1953-54 prices in this table yet, but we did show them in the graph.

Mr. COLLINS. The present price support is \$1.43?

Mr. SUPPES. That is right. And you can see that the national average price pushed down through the price-support level in May, and is continuing on downward. It has flattened out and risen a little bit in the last few weeks. That does not show on this graph.

Mr. COLLINS. What is the cash price, the latest, in relation to today's support rate, at Chicago?

Mr. SUPPES. Minneapolis, of course, is your principal terminal market. \$1.64 is the support price for No. 2 rye or better.

Mr. WALKER. That is the support rate.

Mr. SUPPES. Yes; the support rate, and \$1.57 is what we would call the effective support rate, whereas the price on November 19 was \$1.19 to \$1.25, or about 40 cents below support.

Mr. COLLINS. That is as of November 19?

Mr. SUPPES. Yes.

Mr. COLLINS. Do you have a comparable figure for November 19 a year ago?

Mr. SUPPES. Yes; I believe so. It is \$1.96 to \$1.99, up pretty close to \$2. So it has dropped from about \$2 to about \$1.20.

Mr. COLLINS. About 80 cents?

Mr. SUPPES. Yes.

Mr. COLLINS. From these figures it is reasonable to assume, then, that if the present cash price of rye continues at approximately \$1.19 to \$1.20, farmers are going to put most of their production under loan?

Mr. SUPPES. At least that part which will move to market, which will leave the farm, will tend to gravitate under the price-support program and ultimately in Government hands.

Mr. COLLINS. From that, then, there is no doubt but what these large importations have had a great effect on our price-support program?

Mr. SUPPES. We would say so.

Mr. COLLINS. Have you given for the record the total amount of rye that has been placed under loan compared with the corresponding period of last year?

Mr. SUPPES. Yes; I mentioned that a few minutes ago. It is item 3 in this fact sheet, 2.4 million bushels as of the middle of October. It will be about 2 weeks from now before we will know the amount placed under support as of the middle of November. There is quite a lag in these figures. That is about 20 times as much as of the same date a year ago.

Mr. GORDON. Of course, there wasn't any need for it a year ago.

Mr. SUPPES. No; prices were very handsome a year ago, up around a hundred percent of parity.

The CHAIRMAN. What about the acreage this year as compared to last year?

Mr. SUPPES. Acreage? It is roughly the same with 1,375,000 harvested in 1953 compared to 1,385,000 the year before.

The CHAIRMAN. And have you any figures anywhere showing how much is planted this year for next year?

Mr. WALKER. No; they are not available. They won't be available until the December crop report.

The CHAIRMAN. Do you know if it will be much larger?

Mr. SUPPES. Yes; that is because of the diversions under the allotment programs.

The CHAIRMAN. Would you not say that in some of the States it doubled? Have you any information at all on it?

Mr. SUPPES. No; I wouldn't think it would go quite that strong. Would you, Tom?

Mr. WALKER. I doubt it. However, there is room for a lot of expansion in the acreage of rye, due to the wheat acreage allotments

program in South Dakota and North Dakota, and we are expecting a considerable increase in the rye acreage especially in those States. This December crop report that we are talking about, which will show an indication or intention to plant, will include all rye that is seeded, and in a large part of the country rye is seeded for cover crops and for winter pasture and is not seeded with the intent of harvesting. That report itself will not indicate the amount for harvest as grain. But we can expect that the total acreage for harvest as grain could go up a third or 50 percent.

The CHAIRMAN. I just came from North and South Dakota and Minnesota, and I noticed much more rye this year than last year.

Mr. WALKER. They are seeded for grain.

Mr. SUPPES. They normally harvest as grain about half the rye that is planted in the United States. In late years they planted about $3\frac{1}{2}$ million acres and harvested about half of it as grain.

The CHAIRMAN. You may proceed.

Mr. COLLINS. Does Canada have any program of governmental acreage or crop control similar to ours?

Mr. SUPPES. Well, not similar to ours. Mr. Gastineau—this is Robert Gastineau. Can you give them a picture of the Canadian system of supporting the price and marketing of rye?

Mr. GASTINEAU. The Canadian system in the case of rye does not involve any restrictions or controls on either acreage or price. The only restriction there is is on the delivery quota for rye, which is established at the beginning of each season by the Canadian Wheat Board. That is a little different than their programs on wheat, oats, and barley. Rye is marketed through their regular commercial channels and it is outside of the administration of the Canadian Wheat Board except that it is included in the initial delivery quota that is established by the Board for deliveries from farmers.

Mr. COLLINS. Along that line, does Canada have any minimum or maximum quota as far as exporting rye, for instance, or is it a free market?

Mr. GASTINEAU. No; there is no minimum or maximum quota.

Mr. COLLINS. I think maybe Mr. Walker or Mr. Suppes can answer this question. The last 2 or 3 years it appears that our domestic production of rye, oats, and barley has been on the decrease, and correspondingly I understand that the Canadian production of these 3 grains has been on the increase. If that is so, and with these unusually large importations into the United States, does it follow that Canada is moving into our market and displacing our domestic producers?

Mr. WALKER. Both acreage and production of rye has been on the decline for several years in the United States, with last year being a continuation of that decline with still less acreage than the preceding year, whereas in Canada the acreage and production has been on the upgrade. In fact, the total supplies of rye in Canada for this marketing year is estimated now at about 45,700,000 bushels. That is a record high; 29.3 of that is production and 16.4 is the carryover, and that 16.4—probably Bob can check me on this—is also a record for carryovers in Canada.

Mr. SUPPES. There is a slight correction. Canadians came out the other day with a new crop report. The rye crop went down from 29.3 to 28.2, and the supplies went down from 45.7 to 44.6.

Mr. COLLINS. Still the largest on record, though?

Mr. SUPPES. Yes.

Mr. WALKER. Domestically Canada uses about 7 million bushels of rye annually, which would leave the difference between his 44.6 and about 7 million that is available in Canada for carryover and export.

Mr. COLLINS. About 33 million bushels in round numbers.

Mr. WALKER. It would be higher than that. It is about 38 million, if my arithmetic is correct. It is 7 from 44.6. It would be just a little less than 38 million bushels available for carryover or export. If you would assume that Canada would, say, maintain that carryover of 16.4, which is enormously large for Canada, then you would have the difference or about 22 million that is available for export, and that compares with actual exports last year of 9.2—that is total, now, to all destinations—and the highest during the war, or just the postwar years, of around 10 million bushels. So you would say that they have about double the amount available for export of the highest that they have been exporting since the war.

Mr. COLLINS. And our domestic production runs between 20 and 24 million, doesn't it?

Mr. WALKER. Our domestic production? This year it was only 17.5. The year before that it was about 20, wasn't it?

Mr. SUPPES. No; about 16 million bushels.

Mr. WALKER. Excuse me. Generally we think of rye production in this country as around 20 million bushels. Of course it used to be much higher, up around 45 to 50 million. But as we pointed out a moment ago on your questions, we have been on a decline in production and have gotten down to less than 20 million now.

Mr. COLLINS. Is there any relationship between these Canadian importations over the years and the decrease of rye produced by our American farmers?

Mr. SUPPES. No; I would say not.

Mr. COLLINS. How do you explain that?

Mr. SUPPES. Other causes, other than imports, have caused farmers to produce less rye. That has been going on for decades, 30 or 40 years. Rye has been going out of favor as a crop. The principal reason, in the last 15 or 20 years, is that wheat has been a more profitable and certain and safe crop for them, so they have turned to wheat.

Mr. COLLINS. If they reduce the acreage on wheat due to the allotments won't that force farmers in the West to shift their wheat to rye?

Mr. SUPPES. Yes.

Mr. COLLINS. And rye, as of those figures you gave a little while ago, is 80 cents a bushel under what it was a year ago. There doesn't appear to be much incentive for planting rye.

Mr. SUPPES. In desperation they will do it, though. Up on the north plains there are not many crops that they can turn to, but rye is one.

Mr. COLLINS. What is the normal domestic supply? What I am trying to get at is, do we raise enough rye for our own needs or are we dependent to some extent on these Canadian importations?

Mr. SUPPES. Frankly, for several years we have been dependent to some extent on imports. We have not produced enough to meet our own needs.

Mr. COLLINS. What would you say the needs are for this year?

Mr. SUPPES. 1953-54?

Mr. COLLINS. Yes.

Mr. SUPPES. Well, we are estimating that our domestic disappearance will probably be about 23 million bushels. That is in the light of the big imports, however. If it weren't for the big imports we would be feeding less, and using less industrially and so forth. Our exports will continue very small, probably less than a million. But for the sake of argument we can say 23 million might disappear in the United States this year. Well, we produced 17.5 million and we carried over last summer 6.3. So that is 23.8 that is our domestic supply.

As we have pointed out, some 9 or 10 million has already come in. If we will assume imports are 10, that means we have about 34 of supplies, then, for the current

year, and as we said, we will use about 23 of that. That means, on that basis, that the carryover next summer will be up around 11 million. But that is very guessey. Of course imports may be higher. Your question was how much will we need or consume?

Mr. COLLINS. Yes. I was trying to relate that with Canada having roughly 44 million bushels over there, including their carryover, and our domestic need runs anywhere from 20 to 24 million. That excess rye that is imported, where does that go in this country? It appears to be over our needs.

Mr. SUPPES. Well, it will go into the hands of private grain men and speculators and indirectly to the Government, through the price-support program.

Mr. WALKER. No; Canadian rye will not go to the Government. It means that with those imports from Canada there will be more of our domestic rye that will go into price support and eventually into the hands of CCC, but Canadian rye imports will never go into the hands of the Government.

Mr. COLLINS. Doesn't it mean simply this, that we are getting this excess rye from Canada that is displacing our domestic rye and forcing our domestic producers to put their rye under loan?

Mr. SUPPES. That is right.

Mr. COLLINS. And it is because of that difference in the price, between the cash price and the support price?

Mr. SUPPES. Yes.

Mr. COLLINS. Would you have any way of arriving, in terms of cash figures, at what this is going to cost our Government?

Mr. SUPPES. No.

Mr. COLLINS. In effect, it is subsidizing the Canadian producers, isn't it, at the expense of our taxpayers?

Mr. SUPPES. Indirectly; yes.

Mr. WALKER. It is rather difficult to determine as of the present whether any losses may be sustained by CCC on the takeover of any rye from the 1953 crop that goes on price support. In the past CCC has been rather fortunate with rye. You have to visualize the situations that may develop in the future. If something should occur that would force prices of rye back up above the price-support level, then CCC could dispose of its rye without very much loss, if any.

Mr. COLLINS. It could go the other way, too.

Mr. WALKER. But if the prices remain as they are now, considerably below your price-support levels, and then the occasion arises that this rye owned by CCC as a result of the takeover from price-support operations were to have to be marketed because of going out of condition, for instance, then there would be a considerable loss sustained.

Mr. SUPPES. Or if the Government has to hold it several years, the storage would accumulate.

The CHAIRMAN. It would run into the loss of millions of dollars, won't it?

Mr. SUPPES. Several million. It could.

Mr. COLLINS. Do you have any information as to what our present storage facilities are, assuming that in the light of these Canadian imports there might be a rather large amount of rye going under loan? At the present time, does the Government have enough storage facilities to take care of this anticipated crop going under loan?

Mr. WALKER. If you think in terms of rye alone, yes, there is sufficient storage. There is much more than adequate facilities. But if the wheat supplies occupy that storage, then there might be a tightening of storage. But it would be the wheat that would be blocking the rye out of the storage, rather than the small amount of rye, because that is very small compared to wheat. Otherwise your storage facilities would be adequate.

Mr. SUPPES. You can say that the imports are aggravating the storage situation.

Mr. COLLINS. You gentlemen will agree, will you not, that in view of these importations there is a serious problem and possibly

a serious effect upon our price-support program?

Mr. SUPPES. Yes, sir. We cannot help but agree to that.

Mr. COLLINS. Do you have any further comment, Mr. Gordon?

Mr. GORDON. No, I don't think so. Of course as has been brought out, the rye supplies among the grain crops is a very minor crop, from the standpoint of overall production and so forth, and when you compare it with our other crops, it doesn't present the problem that you have on wheat and oats.

Mr. COLLINS. How about oats and barley, is there a similar situation existing?

Mr. GORDON. Not on barley.

Mr. COLLINS. How about oats?

Mr. GORDON. Your barley situation is not nearly so bad as on rye. Of course, action has already been taken under section 22 on oats. But the rye does present a very clear-cut case for section 22 action, and we are proceeding in that direction.

The CHAIRMAN. Did you say it does not apply to barley?

Mr. GORDON. The conditions on barley don't compare at all with rye.

The CHAIRMAN. The present indication is that the barley situation is out of control, too.

Mr. SUPPES. It is not as clearcut under the provisions of section 22 as rye.

Mr. GORDON. As either oats or rye. We would be rather pressed to make a case on barley.

Mr. SUPPES. One of the reasons, Senator, is that the great majority of the imports of barley are the malting types, which bring premium prices, and malting barley is above price support in the country today, and the price-support program does not make provisions for premiums on malting types. So we are in a complex picture there on barley. It would be more difficult to make a clearcut case.

The CHAIRMAN. Are you watching the barley situation pretty carefully?

Mr. SUPPES. We are indeed.

Mr. GORDON. We are, very closely.

Mr. COLLINS. Could we shift now to another phase of this, Mr. Chairman? We have Mr. Douglas Bagnell of the Commodities Exchange Authority, the Director of Compliance. Mr. Bagnell appeared before our committee on September 23, and at the conclusion of that hearing he advised us that he was going to make a further investigation into the activities existing on the Chicago Board of Trade as far as trading in rye. I wonder if you could more or less bring us up to date, Mr. Bagnell, having in mind the investigation that you have made since our last hearing and if there is information that you can give the committee at this time.

Mr. BAGNELL. Yes, sir.

I might say first we have 1 week's figures on rye shipped from Canada, I think subsequent to those that Mr. Suppes just had, through November 25. Apparently last week, about 2,200,000 cleared Canada for the United States, and as Mr. Suppes points out, there are 2 sets of figures, 1 covering the stuff as it leaves Canada and 1 as it gets into the United States. We have found that these last-minute shipments frequently come in and are held-in-bond, in winter storage, and winter storage in boats, we found that particularly of oats in Chicago, and then unloaded next year.

According to our figures, roughly 11 million bushels has cleared Canada. How much has checked through customs I do not have. But I think Mr. Suppes pointed out about 5,400,000 has as of the 19th.

The latest comparison we have of Canadian futures prices, or Chicago futures prices, was as of last Friday. The prices on the Chicago Board of Trade are running about 12 to 14 cents a bushel above the Winnipeg Grain Exchange. The December futures, for ex-

ample, is about \$1.18 in Chicago, and \$1.06 in Winnipeg. There is about 12 cents premium on the Chicago futures there.

Mr. COLLINS. Can you explain, if you will pardon the interruption, how importers buying this Canadian grain at Winnipeg and bringing it into the Chicago market and selling it on the board of trade, with the price spread between Winnipeg and Chicago. Aren't they bringing this rye in at a loss?

Mr. BAGNELL. Well, a 12 to 14 cent spread which is what exists now is a pretty close margin. We figure it costs about that to bring the rye in, when you figure the freight, duty, handling charges and so forth. We figure Winnipeg would have to be about roughly 13 to 14 cents under Chicago to bring any profit. There is a little bit of guessing in that, in that some of the rye that comes into Chicago is sold at a premium, some of it can be mixed up a bit and make plump rye, which would bring a 2½-cent premium, and some of it might even bring higher premiums than that, under special circumstances.

So it is hard to say definitely exactly what the price relationship has to be. But certainly during the larger part of this summer, the situation has been such that I don't see how it could have been imported profitably just on the face of it.

Of course there is another angle to that. If the importer happens to be short, and the Chicago futures market goes down as a result of these imports, he can cover his short position at a profit which may more than compensate for the loss in the actual importations. We had a situation in oats which was gone into in considerable detail, where we are contending that that was done. Oats were imported in 1951-52 year under circumstances that we said show a loss. But the importer had a very large short position in the Chicago futures market, and our contention—this is just in the process of litigation now, we haven't proven anything—our contention is that that was done for the purpose of bringing about a price relationship that would show a speculative profit.

Mr. COLLINS. Could the same thing be happening in rye?

Mr. BAGNELL. It could. One impact of this thing is the delivery of rye on the futures contracts on the Chicago Board of Trade. That has perhaps a most direct effect on futures prices when heavy deliveries are made, particularly when there is a glut of the commodity already. We find that so far this year there has been about 10¼ million bushels of rye delivered on futures in Chicago, and we still have December to go. December is usually the heavy delivery month and if it holds true again this year there will be perhaps a total of 13 or 14 million bushels delivered, which is roughly double the deliveries for 1951 and 1952, for each of those years.

In other words, we feel that the importations and delivery of this rye on the market has a present effect on the futures price and unquestionably the cash price is hinged to some extent to the futures price.

Mr. COLLINS. Doesn't it seem a little unusual where this rye is imported from Canada, brought from Winnipeg by rail or by boat to Chicago, and disposed of on the Chicago exchange at a loss?

That is a little unusual for these importers to bring this in and expect to sell that at a loss.

Mr. BAGNELL. Well, I don't know. I would say it is entirely unprecedented. As I say, we have the same situation in oats. It is a thing that needs an answer. There is no doubt about that.

Mr. COLLINS. And it needs some investigation.

Mr. BAGNELL. Well, we have concentrated our activities on the oats situation mainly because we felt it was more acute last year and our facilities were pretty well stretched

out covering that. We have a hearing beginning on that the day after tomorrow here in Washington.

Mr. COLLINS. Is that in connection with section 6 (b)?

Mr. BAGNELL. Of the Commodity Exchange Act, yes sir; section 6 (b).

Mr. COLLINS. On the oats situation that you went into, have you found that your CEA has enough statutory authority to properly survey and police the commodities exchange market? You have had this experience in oats now. Do you feel that your agency has enough authority to put a stop to this condition existing or that you apparently found, of manipulation?

Mr. BAGNELL. Well, we do not have anything of a cease-and-desist order under which we can step in and make anybody stop, summarily. Our procedure has to be this, we have to file a complaint against the individual, charging him with manipulation, or exceeding the speculation limit, or whatever we say he is doing. Then that is subject to a hearing under the Administrative Procedure Act, and the hearing usually is considerably delayed, for various reasons, like any legal procedure. After the hearing, if we have established our case, the Secretary issues an order denying this party further use of the futures markets for some specific period of time. That order is appealable to the Circuit Court of Appeals. So it may readily be 1, 2, or 3 years—in fact, 1 year would be very quick. It may run into 3 or 4 years before our order becomes effective.

Senator Young brought up that question some months ago with us in connection with this oats matter, and asked us what should be done. We didn't have any very ready answer for it. If we are given the power to seek an injunction in Federal court, that might expedite the matter. Senator Young introduced a bill, I believe it is S. 1990, which would give us power to go into court and seek an injunction. The Department has recommended it favorably. That bill would also give us subpoena power under which we can bring suspected manipulators in under oath and examine them. That is also included.

I don't know any way, though, that we could ever expect to get power to step in and cure these things overnight, because I don't think the Department would want, and I don't believe Congress would want to give us, power to take away millions of dollars, perhaps in property rights without a hearing. So we have to look toward the long-term objective of putting people out of the market who do this sort of thing, and endeavoring to demonstrate that it is unprofitable enough so that too many people will not try to do it.

Mr. COLLINS. Mr. Chairman—

The CHAIRMAN. Does not the other laws apply?

Mr. BAGNELL. That would be under the antitrust section, Senator. I think there is legislation now pending on that, too.

The CHAIRMAN. That would be up to the Attorney General?

Mr. BAGNELL. Yes.

The CHAIRMAN. You do not know whether any proceedings are pending in that?

Mr. BAGNELL. No, sir. I might mention, though, that we have asked the Attorney General to institute proceedings in this oats case, in addition to the Administrative Procedure Act proceedings, and that is now being considered.

The CHAIRMAN. Do you know of any criminal proceedings at all during the last 20 years?

Mr. BAGNELL. Yes, sir. We got judgments against egg manipulators under the antitrust law, a few months ago. It is pending in Chicago.

The CHAIRMAN. How long ago was that?

Mr. BAGNELL. We got that indictment in January, I believe. It is still on the docket.

The CHAIRMAN. Has it been tried during the last year?

Mr. BAGNELL. No, sir.

The CHAIRMAN. That is the only case you can give us during the last 20 years, this egg case?

Mr. BAGNELL. It is the only one I know of offhand; yes, sir.

The CHAIRMAN. Do you know of anybody at all during the last 20 years who has been sent to jail for manipulating?

Mr. BAGNELL. No, sir.

The CHAIRMAN. The present statute doesn't seem to cover it, then?

Mr. BAGNELL. I am afraid there is a tendency to take a calculated risk, by some of them.

Mr. COLLINS. I wonder if you could tell us this: This rye that is coming in, do you know whether that is brought in by many individual importers or by 1 or 2 or 3 or a small number as against a lot of small importers? What is the situation regarding the importing of this rye?

Mr. BAGNELL. It is brought in by a few large operators.

The CHAIRMAN. How many, would you say?

Mr. BAGNELL. I would say that 90 percent of it was being covered by two importers.

The CHAIRMAN. Two?

Mr. BAGNELL. Yes, sir.

Mr. COLLINS. Senator, in connection with your question to Mr. Bagnell about whether there has been any violation of the anti-dumping provision of the Revenue Act of 1916, I would like to make a part of the record a letter from Warren Olney, Assistant Attorney General, Criminal Division, Department of Justice, to the Honorable WILLIAM LANGER, chairman of the Senate Judiciary Committee.

The CHAIRMAN. What is the date of the letter?

Mr. COLLINS. November 24, 1953. Would you like it read for the record?

The CHAIRMAN. Read it.

Mr. COLLINS (reading):

"Hon. WILLIAM LANGER,
"United States Senate,
"Washington, D. C.

"DEAR SENATOR: Your letter to the Attorney General dated November 13, 1953, with respect to the activities of Cargill, Inc., in the importation of grain from Canada has been referred to me. This letter is in reply to those matters which deal with violations of the Commodity Exchange Act.

"The case is based upon the report received from the Department of Agriculture, which is mentioned in your letter, together with such further implementing information which has been furnished this Department. The charges involve the exceeding of speculative limits, the filing of false or deceptive reports with the Commodity Exchange Authority, and the manipulation or attempted manipulation of the price of oat futures on the Chicago Board of Trade. From the standpoint of criminal prosecution the case presents legal problems, and as a practical matter is believed to depend upon whether there is sufficient evidence to establish manipulation.

"The case has recently been submitted to the United States attorney at St. Paul for his consideration and recommendation. Criminal prosecution will be instituted providing we determine that the evidence warrants such action.

"Your letter also refers to violations of the antidumping provisions of the Revenue Act of 1916, and to violations of the anti-trust law. The inquiry with respect to these matters is receiving attention, and it is expected that you will receive a further reply shortly.

"Sincerely,

"WARREN OLNEY III,
"Assistant Attorney General."

The CHAIRMAN. Has the Attorney General been in close communication with you on these matters?

Mr. BAGNELL. Yes, sir; we are in close communication with him.

Mr. COLLINS. Under the CEA Act, Mr. Bagnell, I understand that your agency checks on the trading practices of traders on the commodity exchange in Chicago?

Mr. BAGNELL. Yes, sir.

Mr. COLLINS. Could you tell us what are the trading limits or speculative limits applying on the commodity exchange today?

Mr. BAGNELL. The speculative limits on rye is 500,000 bushels. That is the most that can be held speculatively by any one person or firm. On the other grains, it is 2 million bushels.

Mr. COLLINS. That 500,000 bushels, as far as rye is concerned, is that any one transaction or for a stated period?

Mr. BAGNELL. Well, it is the total amount any one person may trade in on one business day or may hold in the form of open contracts at the end of the business day. In other words, if a person goes in and buys 500,000 bushels of December rye today, he has reached the trading limit today, and tonight he will be long 500,000 bushels of December rye which has reached the position limit, so he is through, speculatively.

Now, that limit does not apply to hedging transactions. For example, if a person has in his elevator 5 million bushels of actual rye, he may sell 5 million bushels of futures. That is a hedge, and the speculative limit does not apply. We have charged in this case that you mentioned there a moment ago that the respondents in this action sold on the Chicago Board of Trade under the guise of hedging when they actually did not own the oats on the other side of the market, that it was not a hedge. That is part of the essential part of this case.

Mr. COLLINS. Have you, as a part of this investigation since the last hearing, been following the transactions in rye on the Chicago Board of Trade, particularly with a view of determining whether various traders or importers are keeping within their speculative limits?

Mr. BAGNELL. We have.

Mr. COLLINS. Have there been any developments that you can give to the committee, or any findings?

Mr. BAGNELL. I would prefer not to do that.

Mr. COLLINS. I wouldn't want to press for any information along that line.

The CHAIRMAN. But you are watching it?

Mr. BAGNELL. Yes, sir.

Mr. COLLINS. I believe that is all the questions I have, Mr. Chairman.

The CHAIRMAN. I would like to ask you a question on that letter. You heard that letter read by Mr. Baker. Have you any comments to make on it?

Mr. GORDON. That deals with the overall matter of price-support legislation which, of course, is under discussion at the present time and which is being worked on by various committees and so forth. I don't think at this time we would have any comments.

The CHAIRMAN. Who in your department has charge of drawing up legislation that you want?

Mr. GORDON. That would be done in the Secretary's office.

The CHAIRMAN. Do you gentlemen have any suggestions to make on legislation that would help?

Mr. GORDON. No; I think not.

The CHAIRMAN. It would have to go through the Secretary?

Mr. GORDON. The Secretary is working through various advisory committees, and it finally comes to the National Agricultural Advisory Commission which is supposed to whip the material into shape. That is in process at the present time.

The CHAIRMAN. Mr. Collins, are you and your associates working in drafting some legislation, are you?

Mr. COLLINS. We haven't started yet, Senator. We wanted to get the background from the Department of Agriculture, these fellows here, too, on the needs for any information.

Mr. Bagnell, do you feel that the present CEA Act is sufficient for you to curb practices?

Mr. BAGNELL. Well, as I mentioned a minute ago, we believe Senator Young's bill will be a help to us. We have at various times introduced proposed legislation to amend the act. I would not be in a position to make any recommendations, of course.

Mr. COLLINS. Mr. Chairman, we also have Mr. Delos James from the National Grange. Do you have any statement, Mr. James, or would you care to make any comments on the testimony that the committee has received this morning?

Mr. JAMES. It appears to me that the situation has been pretty well covered. The important facts have been brought out. I think there is a remedy for this, if the remedy would be applied, or had been applied when it should have been. That is, long ago when these imports began to reach a rather dangerous point by causing a depressing effect on our market. I should hope that we weren't helpless that we didn't have any remedy to correct this problem after we have gone to the extent of trying to assist the American producer in obtaining a decent price.

In other words, what our support loans were intended to do was to avoid serious effects on the domestic producer by way of depressed prices.

Mr. COLLINS. By the remedy, do you mean section 22?

Mr. JAMES. Well, that hasn't been brought out, it seems to me, Mr. Collins. We do have a remedy, don't we, for this kind of a thing? The question in my mind, all along since the September hearings, and even before, not only with regard to rye but with regard to other products, walnuts, and filberts, and things like that, butter and cheese, laws that were passed, the legislation that was enacted, was enacted with a view of protecting these commodities that were threatened by imports that would interfere with our price-support program.

That is the National Grange's position. While we place great emphasis on the matter of foreign trade and the foreign market as an outlet for our surplus products, still the Grange also is committed in support of a program that protects our own market or our own commodities from destructive competition from abroad. So here is a case that is perfectly clear, it seems to me. It has been going on for quite some time, and I don't think it is the first year that it has happened. But the damage will have been done, all of this rye will have come in here, even before the lakes freeze over, and so far as this year's crop goes, if action was taken right now it wouldn't correct much, if any, of the damage that has been done.

The CHAIRMAN. We tried to stop it by having hearings in September.

Mr. JAMES. I want to commend you for taking the initiative, or taking action in September. It was a good move. This is a constructive move.

The CHAIRMAN. It seems to me that the Commodity Credit Corporation ought to have been on the job months ago. It certainly is their job to protect themselves against loss. They are going to have loss, I think, in millions of dollars on this rye situation.

Mr. JAMES. Senator, I don't think the Commodity Credit Corporation is entirely the one that is responsible, because in some other cases, as I recall, they have taken action, that is, they have made recommenda-

tions, but it has been held up farther along the line somewhere.

The CHAIRMAN. We are trying to find out where it is held up.

Mr. JAMES. That is good.

The CHAIRMAN. I appreciate that they have nearly a record amount of products at hand right now. It is over \$4 million, as I understand it.

Mr. JAMES. We have the remedy. Why isn't that remedy applied? Where is the barrier? What is the thing that gets in the way and stops us?

The CHAIRMAN. These gentlemen ought to be able to tell us, and we are trying to find out.

Mr. JAMES. It is beyond their hands, I think. But still there is the long delay before any final decision is made. The damage is done. After the cow has kicked the bucket, what is the use of tying her?

The CHAIRMAN. Have you any specific recommendations for legislation?

Mr. JAMES. None other than what I have implied. Unless we use the tools we have to adjust a matter like this, and if that won't do, let's find out why and what new tool or device has to be designed to do it.

The CHAIRMAN. This committee wants to find out if we can who is to blame and why something hasn't been done. The problem is to fix the responsibility squarely on the person that is to blame. That is the purpose of the hearing.

Mr. JAMES. I wouldn't know just where to spot it, but maybe somebody does know.

The CHAIRMAN. Do you think somebody may know and won't tell?

Mr. JAMES. I guess they would tell if they are asked to tell, and if they knew exactly. Maybe it can't be spotted exactly. I am in the dark on that point, too.

The CHAIRMAN. What do you think is the reason why this thing wasn't taken care of?

Mr. BAGNELL. I am not exactly in the position to answer that. We are in the position of a policeman; we can't arrest a man if he is not speeding. We can't arrest him if he just looks like he is going to speed. After we arrest him, he has all the rights of appeal and I assure you we are very frustrated and have been for many years over the delay that we are faced with in trying to get these things to a conclusion. The average case we have takes well over 2 years, if it is of any consequence. If it is of any consequence it goes through the Supreme Court, and under the existing legislation a person can continue to do exactly what he was doing for that whole period of time.

So, frankly, I don't know what the answer is. As I stated, I don't believe Congress would ever tell the Secretary of Agriculture or the Administrator of the Commodity Exchange Act that he could go out and just tell a firm "You must quit today," with no hearing and no right of appeal. These markets move so fast that if they take advantage of all the delay that they can bring about, the thing is long since forgotten before the order is ultimately effective.

The CHAIRMAN. As I understand your testimony, then, the various delays are too long, too much time is given for appeal and that sort of thing, and time should be cut shorter.

Mr. BAGNELL. I don't know whether it should or not, Senator. There you are getting into the question of how summarily can you deprive a man of his rights.

The CHAIRMAN. You can give a man 10 days, 2 months, or 6 months.

Mr. BAGNELL. That is the sort of thing that we are groping for, some procedure under which we can give a man due process and still not have this interminable delay. That is what I think some of the others are interested in, that is, Senator Young, in his suggestion for an injunction procedure. Even that cannot be done overnight. You

have to go into a court and persuade some judge to give you an injunction.

The CHAIRMAN. The District judge can give them 10 days. Would something like that help out here?

Mr. BAGNELL. It would be a lot shorter than what we have now.

Mr. JAMES. May I ask a question? That would be with regard to the trading on the exchange, wouldn't it?

Mr. BAGNELL. That would mean that the person against whom the action was taken could no longer use the facilities of the exchanges. I might say that all of these imports that are of any consequence do use the machinery of the exchanges, and I don't think could be done without the use of that machinery.

Mr. JAMES. But even if things were going along all right on the exchanges, these products could come in, that is, rye could still come in at the lower price, at a price below the loan, and still do the harm that is being done. So the remedy is beyond that part of the problem.

The CHAIRMAN. Not if you get a temporary restraint or an injunction proceeding.

Mr. JAMES. That would restrain only one trader.

The CHAIRMAN. He says two firms are bringing it in.

Mr. JAMES. If one was evading the law?

Mr. BAGNELL. We would have to demonstrate that the imports were for the purpose of manipulation.

Mr. JAMES. All?

Mr. BAGNELL. No; the imports being done by Joe Doaks.

Mr. JAMES. But six others could go ahead.

Mr. BAGNELL. This wouldn't stop any unless it was shown that they were manipulating.

The CHAIRMAN. We would stop if it was shown they were manipulating.

Mr. JAMES. Yes. But it seems to me that these commodities are coming in, and somebody is bringing them in, and they are depressing the price. Take the matter to the Tariff Commission for a study. The Tariff Commission makes a recommendation that a tariff should be imposed, or some duty. Then the Secretary of Agriculture has to make the recommendation to the President, doesn't he? Then what happens? The Tariff Commission has not studied this rye situation, have they?

Mr. SUPPES. The thing is in process. It is still within the Department.

Mr. JAMES. In the Tariff Commission?

Mr. SUPPES. In the Department of Agriculture.

Mr. JAMES. It passed the Tariff Commission?

Mr. WALKER. No. The procedure there is that the Secretary submits it to the President with a recommendation and the President in turn submits it to the Tariff Commission and the Tariff Commission moves it to hearing and then returns it to the President.

Mr. JAMES. The Tariff Commission has not acted yet?

Mr. WALKER. The rye docket has not reached the Tariff Commission.

Mr. SUPPES. It is in an interim stage.

The CHAIRMAN. We are in the same shape as in September.

What has happened since September?

Mr. SUPPES. We have developed a lot of facts and figures and the case has been written up.

The CHAIRMAN. But the rye has been coming in just the same during those months?

Mr. SUPPES. Yes. Shipments have been abnormally high.

Mr. COLLINS. I have no more questions, Senator.

The CHAIRMAN. Have either of you gentlemen any comments to make?

Mr. SUPPES. Well, I would like to say we have not sat still since last September. It takes several weeks to develop all the facts and figures, to find out where you are, and where you are going.

Mr. GORDON. And as I indicated, we are already past that, through the Board, and ready for submission to the Tariff Commission.

The CHAIRMAN. Well, I am certainly very grateful to you gentlemen for coming over this morning. Thank you very, very much. I hope we can proceed faster with this thing and hope to really get some action.

Mr. SUPPES. I think we all feel the same way about it.

The CHAIRMAN. Thank you for coming over.

(Tuesday, January 19, 1954)

The subcommittee met, pursuant to notice, at 10 a. m., in room 424, Senate Office Building, Senator William LANGER (chairman) presiding.

Present: Senators LANGER and DIRKSEN.

Also present: Thomas B. Collins, subcommittee counsel.

The CHAIRMAN. The meeting will come to order.

You may proceed, Mr. Collins.

Mr. COLLINS. Thank you. Senators, this is a hearing this morning called by our subcommittee to look into the importation of barley and its consequent effect upon the American market. We have as our first witness this morning Mr. Roy F. Hendrickson, executive secretary, National Federation of Grain Cooperatives.

The CHAIRMAN. Is Mr. Pierce Butler here from St. Paul?

STATEMENT OF ROY F. HENDRICKSON, EXECUTIVE SECRETARY, NATIONAL FEDERATION OF GRAIN COOPERATIVES

Mr. HENDRICKSON. No, sir; he could not be here this morning.

The CHAIRMAN. He wired me and said he was going to be here.

Mr. HENDRICKSON. Mr. Chairman, I have tried to bring my information together in a statement here, and I will run through it as briefly as possible.

The CHAIRMAN. It is understood that any one of these four gentlemen can interrupt you at any time, and Senator DIRKSEN can interrupt you, and ask you any questions they want. The hearing is very informal.

Mr. HENDRICKSON. Yes, sir.

United States producers of barley, particularly of the malting premium varieties produced in the Central Northwest, have largely lost their market to imports from Canada.

The import duty of 7½ cents a bushel is more than offset by lower railroad rates in Canada, which are approximately 39.5 percent of the United States freight rail rates.

Furthermore, Canadian prices of barley remain at levels somewhat under the United States support prices for barley. This may well be by design. The marketing of barley in Canada is a Government monopoly. The program is administered by the Canadian Wheat Board, which has, and exercises, the authority to limit or expand at will the quantities delivered from (a) farms to local elevators, (b) from local elevators to terminal points, and (c) the selling of barley in store at Port Arthur or Port William at Winnipeg either for cash or under future contracts. It has effective control of the supply offered to the market on any day, week, or month. This means it can influence the price effectively.

The result is that a larger and larger share of the United States domestic market for barley suitable for malting or pearling has been transferred to Canada, despite more than adequate supplies of barley of the required varieties and types in the United

States. Canada simply prices its barley below the United States level and preempts the market.

The basic data relating to barley are outlined below so as to provide a comprehensive picture of the situation.

Senator DIRKSEN. May I ask at that point, does the Canadian Government subsidize the production of barley?

Mr. HENDRICKSON. So far as I know it is not a direct subsidy. There might be said to be a subsidy in this, that of the two railroad systems up there, the one is owned by the Government and the other has been heavily subsidized by the Government, so perhaps that railroad rate which is unusually low in relationship to ours might be said to reflect a subsidy.

Mr. GASTINEAU. For the Senator's information, from year to year, Canada does establish an initial payment to producers which is usually well below the market price at the beginning of the marketing season. To that extent they do guarantee a price.

Senator DIRKSEN. A floor that they set?

Mr. GASTINEAU. Yes.

Mr. HENDRICKSON. Production in 1953 and carryover. Production of barley in the United States in 1953 totaled 241 million bushels, about 7 percent more than the revised 1952 production estimate of 226 million bushels. Average increased, and the yield was high, the average per acre being 28.2 bushels, exceeded only once in 1915.

The carryover of old barley, as of July 1, last was estimated by the United States Department of Agriculture at 51 million bushels.

Production outlook for 1954: There is expected to be a substantial expansion of barley acreage planted in the spring of 1954, due in large part to the wheat acreage allotments.

The Crop Reporting Board estimated that fall rye plantings were increased by 22 percent over the previous year; it is very likely that the increase in barley acreage will be even larger because of the adaptability of barley production to large areas of land and the opportunity for spring planting in areas where fall planting is difficult by reason of climatic conditions.

The United States Department of Agriculture, on page 10 of The Feed Situation, released October 22, 1953, estimated the United States barley carryover as of next July 1 at 50 million bushels. Because of larger imports, the figure could well run higher. No barley shortage is in sight.

Imports of barley: From July 1, 1953, until December 30, there were imported from Canada 21,760,000 bushels of barley compared with 12,876,000 bushels for the same period in 1952.

It is estimated that more than 4 million bushels have been placed in Great Lakes vessels for winter storage, which will be delivered to the principal United States malting centers, Milwaukee and Chicago, when lake navigation reopens this spring.

Senator DIRKSEN. Is that storage barley already sold to the United States consumers?

Mr. HENDRICKSON. The belief is that even more than that has been sold.

Senator DIRKSEN. But it is in the hands of United States consumers?

Mr. HENDRICKSON. No. Many of those lake vessels tie up in the wintertime and serve as warehouses during that period. They do make forward sales, not necessarily identifying the particular carrier, but it is believed that the way this 4 million is located that it is destined to come in and that actual forward sales are even larger than that 4 million.

Although exact data are not available, it is commonly believed in the barley trade that very large sales of Canadian barley to the United States have been contracted and that the import movement will be extraordinarily high during April, May, and June,

setting a new record for export to the United States of barley for manufacturing purposes. Imports of at least 35 million bushels to 40 million bushels by next July 1 are in prospect.

The high points in imports of barley from Canada to the United States occurred during the war years 1942, 1943, and 1944 when record large quantities were brought into this country by the Government in connection with the expanded livestock-production program during the war period. This was an abnormal situation, and not proper for comparison.

Since World War II, imports from Canada have steadily moved upward, being year by year as follows: 1945 marketing year, 5,647,000 bushels; 1946, 4,063,000 bushels; 1947, 973,000 bushels; 1948, 10,366,000 bushels, 1949, 15,321,000 bushels; 1950, 11,119,000 bushels; 1951, 11 million bushels; 1952, 25 million bushels.

United States support prices: For the 1953 crop, United States support prices were announced by the United States Department of Agriculture at 85 percent of transitional parity which, on the basis of Minneapolis, the principal domestic market for malting varieties of barley were: For No. 2 barley or better, \$1.44; for No. 3 barley, \$1.43; for No. 4 barley, \$1.38; and for No. 5 barley, \$1.34.

These prices are based on the feed value of barley related to the feed value of corn and oats and do not take account of the malting premiums which over a period of 10 years have averaged around 30 cents a bushel for the varieties and qualities which United States farmers, particularly in the Dakotas, Montana, Minnesota, and Wisconsin, have sought to produce to meet the needs of the malting industry.

For the 1954 crop Secretary Benson in October announced a support price of 85 percent of transitional parity. This rate will be approximately 9 cents a bushel less than last year as a result of transitional parity, a provision associated with the new-parity formula by Congress. This provided, starting January 1, 1950, for a reduction of 5 percent in the effective parity price for barley each year as a gradual transition was made from the use of the old parity formula to the modernized parity formula in computing parity, and, consequently, support prices for barley.

Encouragement to producers: For some years past State and county extension workers have encouraged farmers in the States mentioned with their soil and climatic conditions to produce premium malting and pearling barley qualities to plant the varieties and types of barley to meet specifically the needs of the malting and other food-manufacturing industries in the United States.

A center of research, supported by the United States Department of Agriculture, a number of State experiment stations, and the malting industry, has been maintained at Madison, Wis.

Much of this effort by farmers have now come to nought by reason of the flow of Canadian barley to our domestic markets at prices below the United States support price, while United States premium barleys move in large volume into storage under price supports.

Barley placed under support prices: Up to December 15, 32,226,000 bushels of barley had been placed under the support program, an unusually high volume.

Senator DIRKSEN. Is that by purchase or loans?

Mr. HENDRICKSON. Purchase agreements and loans, the loans being the heaviest.

For North Dakota alone, the rate at which barley was placed under the support program up to December 15 was five times greater than last year.

Mr. COLLINS. Would you have any figures which would show that Canadian barley has

displaced the American barley, and forced the American barley to go under loan?

Mr. HENDRICKSON. It is obvious that because the greater volume goes under loan, that is where the United States barley is going. At least one of the members, the Farmers Grain Terminal Association of St. Paul, has been a large servicing agent for barley for years, and talking to their chief specialist on barley, I was informed that the volume of sales he is making, and I suppose it is true of others in a similar position, he estimates to be only around 15 to 20 percent of what he calls a normal year. In other words, very little is moving through because they simply cannot find outlets at all, except for feed, and the farmer chooses to put it under support. He can put it under support until January 31, and while it is pretty hard to guess, doubtless this figure of 32 million bushels which went under support may be only one-half of what will go under support.

Senator DIRKSEN. You mentioned North Dakota. What is the situation in Minnesota and Wisconsin?

Mr. HENDRICKSON. My understanding is that in Minnesota the rate is substantially higher, but not quite as high as in North Dakota. Perhaps the Department people have figures on that. I do not know.

Senator DIRKSEN. Very well. We can add that later.

Mr. HENDRICKSON. Yes. Because support-price loans or purchase agreements can be obtained until the end of January, it is expected that the final figure will be very much larger; that, while the major markets for barley in this country are preempted by Canadian imports, CCC will prove to be the chief market for United States producers of malting grades of barley.

This is undesirable because of the cost to the Government and also because the purposes of the congressional price-support programs are in part defeated by making them serve as magnets for imports.

The use of section 22: There is available, as a result of congressional enactment, a procedure to meet this situation. This is incorporated in section 22 of the Agricultural Adjustment Act, as amended, considered at great length by Congress on several occasions.

Section 22 in effect provides that when it is believed that a commodity, such as barley in this case, is being imported and is practically certain to continue to be imported into the United States, and thereafter, under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the price-support operations undertaken by the United States Department of Agriculture with respect to that commodity or to reduce substantially the amount of products processed in the United States from the domestically produced commodity, an import quota can be placed in effect.

The procedure requires that, first of all, an investigation be made by the United States Department of Agriculture; that, if the danger from imports is found to exist, the Secretary of Agriculture is then authorized to advise the President of his belief; and that the President may then direct an investigation to be made by the United States Tariff Commission.

Senator DIRKSEN. There has to be a finding under section 22?

Mr. HENDRICKSON. That is right.

Senator DIRKSEN. Has such a finding ever been made?

Mr. HENDRICKSON. To my knowledge no such finding has been made unless something has been done by the Department. No recommendation from the Secretary of Agriculture to the President has been forthcoming thus far, to my knowledge.

Mr. SUPPES. That is correct.

Mr. HENDRICKSON. Such investigations have been made in the past for a number of commodities, including cereal wheat, cotton, and oats. One is now underway in connection with rye. The Tariff Commission then reports its findings and recommendations to the President.

This remedy seems particularly appropriate for the barley situation where the tariff has been reduced one half since 1930 to the present rate of 7½ cents a bushel and where the price-support program is now being forced to carry the burden of providing the principal outlet for producers of malting premium barley while the domestic needs are being increasingly met by imports from Canada under a system of marketing which is, in effect, a Government monopoly there. We do not dispute the right of Canada to organize its marketing system in any way it desires, but the consequences of the system on the United States market can no longer be ignored.

Senator DIRKSEN. You emphasize malting premium barley.

Mr. HENDRICKSON. Yes.

Senator DIRKSEN. Do your remarks address themselves also to feed barley?

Mr. HENDRICKSON. To a much lesser extent, because you have a somewhat different situation there. There are areas right out here in Virginia where I happen to operate a dairy. We produce barley, but not a malting type. We produce a variety strictly for feed. That is true, for instance, today in California, which for recent years has been the biggest barley producing State, even running above North Dakota. But that is mostly feed variety. Interestingly there has been an outlet for export to Korea, where they used barley for human food.

Qualities and quantities are sufficient. The United States producer has many times in the past proven capable of meeting all or practically all of the domestic requirements for malting and pearling types of barley.

Indeed, there have been situations in the past where the Commodity Credit Corporation has acquired considerable quantities of barley at the feed price and later sold into the malting market at substantial premiums the barley required by the domestic malting industry, at a profit to the CCC.

It is not logical, however, to expect United States producers to ignore the price-support opportunity at the present time because Canada is offering, and has offered, premium barleys delivered Chicago and Milwaukee at prices which are below the support price for those points taking the higher United States freight costs into account.

That the United States barley is of a quality and quantity sufficient to meet the needs of malting barley is well demonstrated by one of the largest brewing companies, the Pabst Brewing Co., which makes most of its own malt and which follows a policy of buying its barley supplies from United States producers. This is a blue ribbon exception to the policy of most malsters. United States producers are profoundly appreciative.

This company is one of the few in the industry who apparently appreciate the fact that, while the tariff on barley is 7½ cents a bushel, and it taxes approximately one bushel of barley to make a barrel of beer, the tariff on beer is \$3.875 per barrel.

Freight rate advantages: The present rail freight rate, under the rates established by the Interstate Commerce Commission, including a 12 percent emergency charge and the 3 percent Federal transportation tax, from Noyes, Minn., or Pembina, N. Dak., to Duluth or Superior is 38.07 cents per hundredweight compared to the freight rate from a corresponding station of the Can-

adian side (Emerson, Manitoba) of 15 cents to Port Arthur or Fort William.

Senator DIRKSEN. Does that 12 percent emergency charge always attach?

Mr. HENDRICKSON. As far as grain is concerned, we call it a surcharge. It is a temporary rate increase which is being continued in effect. It always applied to grain.

A study of rate comparisons in the United States indicates that to move grain, including barley, from various competing points the Canadian rate is approximately 39.5 percent of the United States rate. There is no doubt this reflects the fact that there have been no freight rate increases in Canada since prior to 1940, while since that time there have been increases of approximately 75 percent so far as the grain transportation costs are concerned in the United States.

Thus, the Canadian shipper at Emerson, Manitoba, can move barley to Port Arthur or Fort William, transfer the cargo to lake vessels, pay the duty of 7½ cents on entry into the United States at Milwaukee or Chicago, and still have an advantage of a net return several cents above the United States producers.

Senator DIRKSEN. What would the figure be in cents? Your difference in the illustration is 23 cents on freight rates, and you have 7½ cents for your duty.

Mr. HENDRICKSON. I have worked this out in table 1, Senator.

Senator DIRKSEN. Then just go right on through with your statement.

Mr. HENDRICKSON. Table 1, which is attached to this statement, makes comparisons for a number of points in Canada with adjacent points in the United States. You will notice that the rail rate from Port Arthur to Fort William for a 48-pound bushel is 7.2 cents. The transfer charge to get it through into a boat is 3 cents. The lake freight is normally figured at about 9 cents from Port Arthur or Fort William to Milwaukee or Chicago. That adds up to 19.2 cents in freight. The duty is 7.5 cents. That brings the landed cost to 26.7 cents.

Now, Noyes, Minn., is right across the border and there is no advantage in going down to Duluth, Superior and transferring for that short haul, and your rail rates are competitive with that. So all the rail from Noyes, Minn., to Milwaukee, is 29.62. We find that type of comparison. I have a great number of points carrying it down further.

Taking the last one on the page you have Morden, Manitoba, where it runs 19.2 cents in freight, 26.7 in all, and Walhalla, N. Dak., which is very famous as a center for unusually fine barley, the rate is 29.09. In other words, they pay the duty and still have an advantage.

Senator DIRKSEN. About 3 cents, is it not?

Mr. HENDRICKSON. That is right. Table 2 compares the rates for a number of points in the United States and Canada to the Lakehead in each county, and employing the rates on a 100-pound basis. That supports the evidence I have to the effect that the Canadian rate is approximately 39½ percent of the United States rate.

Comparative prices: There has been a sharp decline in the movement of malting and pearling barleys from United States producers to United States manufacturers for several years, directly reflecting the increase in imports from Canada. This movement has dropped off to a small trickle this year, with one member of this federation—the Farmers Union Grain Terminal Association, of St. Paul—which has in the past marketed large quantities of barley for its farmer patrons in the Dakotas, Montana, and Minnesota, finding very small outlets this year compared with any past year in its long history of serving the farmers.

The choice varieties, such as Montcalm and Kindred, produced as a result of encourage-

ment of maltsters and of State and county extension workers by producers in the Central Northwest, are either going under price-support programs or being fed on the farms, while the same varieties are coming in from Canada to preempt the domestic market.

In the case of pearling barley used for the manufacture of soups and sirups, a variety which is grown in western North Dakota and eastern Montana—Compana—finds exactly the same resistance because of being underpriced by Canadian imported barley.

It is true that Canada has a large surplus of barley, not only at the great terminals of Port Arthur-Fort William but also backed up in the local elevators and on farms. This simply means that, unless some defense is erected, the quantities offered to the United States domestic market will increase, at an even lower price if that becomes necessary. Meanwhile, the United States producer will find more and more resistance to moving his premium barleys into consumption and must sacrifice malting barley by placing it under the price-support program at the feed value and losing forever the premium he should be entitled to.

Further, this Canadian price can be "rigged" by adjusting the rate at which the Canadian Wheat Board orders forward its barley. Its manifest interest, in view of the large surpluses of grain in Canada, is to find outlets, and quickly, by underbidding competition.

Its procedure of bringing forward to market step by step the barley at whatever speed it chooses to do so in effect determines the supply-and-demand situation, thus raising or lowering the price at will. It has the earmarks of a dumping operation so far as the movement into the United States is concerned.

If the remedial action pursuant to the authority established under section 22 is not taken in this instance, then we are compelled to urge that this committee undertake an investigation to determine to what extent this movement comes in conflict with United States laws intended to provide protection to our people from surplus dumping activities undertaken by other governments or individuals. It is, I believe, the appropriate committee to undertake such an investigation and to indicate any legislative remedy that may be appropriate.

The CHAIRMAN. Have you the letter on the rye investigation that the Attorney General wrote us on the antidumping provisions?

Mr. COLLINS. It is in the file, Senator; I will get it while we start with the next witness.

The CHAIRMAN. Very well. We will insert in the record at this point tables 1 and 2 mentioned by Mr. Hendrickson in his testimony and the letters referring to violations of the antitrust laws.

(The letters and tables are as follows:)

DECEMBER 21, 1953.

Hon. WILLIAM LANGER,
United States Senate,
Washington, D. C.

DEAR SENATOR LANGER: The Attorney General has requested me to reply to your letter to him of November 13, 1953, relating to Cargill, Inc., insofar as the antitrust laws are concerned.

The Antitrust Division has had this matter under consideration and has taken preliminary action for the purpose of determining whether or not there is justification for more formal proceedings. Two of our field offices have been giving attention to the subject.

Please be assured that, if our investigation indicates any probable violation of the antitrust laws, appropriate legal proceedings will be instituted.

Sincerely yours,

STANLEY N. BARNES,
Assistant Attorney General.

NOVEMBER 13, 1953.

Hon. HERBERT BROWNELL, Jr.,
Attorney General, Department of Jus-
tice, Washington, D. C.

MY DEAR MR. ATTORNEY GENERAL: Testimony received by the Senate Judiciary Committee, of which I am chairman, as well as numerous complaints transmitted to me by American farm groups, reveal a shocking disregard of the best interests of American agriculture by certain large importers of Canadian grains.

During the last 3 years large quantities of Canadian oats and rye were brought into the United States and sold in the Chicago market at actual losses to the importers and at prices substantially below the Canadian market value for such oats and rye when the costs of importation are added. These Canadian importations and sales at losses in American markets were part of a gigantic scheme to artificially depress Chicago futures prices and thus create for the importers huge and arbitrary profits on speculatively short futures positions maintained in the Chicago market.

These Canadian oats and rye were brought into Chicago when unneeded and unwanted at strategically sensitive market periods with the intent and purpose of creating the maximum market price effect. The lowering of Chicago oats futures and rye futures prices resulted in a lowering of prices received by the farmers for their oats and rye. Price pressure exerted on oats and rye served to weaken prices for other grains.

The American farmer has been substantially injured. Heavy Canadian importations have forced domestic prices far below parity and even below Government price-support levels. The Government itself, through the Commodity Credit Corporation, will undoubtedly suffer large losses. Testimony of Department of Agriculture officials indicate that much larger quantities of oats and rye are going under the Government loan this year as compared with the same period in 1952. At present prices farmers have no incentive to redeem their loans. Eventual losses on the large quantity of grain which the Government will thus acquire and add to its surplus stocks could be enormous.

We have been advised that these importations of Canadian oats and rye and sales below Canadian market value for the purpose of distorting and manipulating Chicago futures prices violate at least three Federal statutes:

1. The antidumping provisions of the Revenue Act of 1916 (15 U. S. C. sec. 72).
2. The antitrust laws.
3. The antimanipulation provisions of the Commodity Exchange Act (7 U. S. C. sec. 13).

The Department of Agriculture prepared a report entitled "Investigation of Importation of Oats From Canada, 1951-52," dated October 15, 1952. This report found that Cargill, Inc., the largest grain firm in the United States, had imported Canadian oats into Chicago, and sold such oats at a loss and had by such activity, manipulated Chicago oats futures prices downward. This report was filed with your Department of Justice with a request for appropriate legal action. A year has passed and no action has as yet been taken.

Here is a problem that requires the mustering of all administrative forces. By stopping illegal and manipulative Canadian importations, our agricultural price policy will be strengthened. The American farmer will be given protection from unconscionable market operators.

The question of foreign trade, as such, is not here involved. The importations of Canadian oats and rye in the past, and cur-

rently, are being brought into the United States at losses—and dumped in markets where surpluses exist—in order to accomplish arbitrary market-price influences. This cannot be considered a part of honest foreign trade.

May I respectfully request that you immediately instruct your Department of Justice to complete its investigations of this problem and, if the facts are as alleged, initiate criminal proceedings for violations of the Antidumping Act, Antitrust Act, and Commodity Exchange Act. This must be done at the earliest possible moment to aid our present farm-support program.

Will you please advise me of what action is being taken?

With best regards, I am,
Sincerely,

WILLIAM LANGER,
Chairman.

TABLE 1.—Barley

(This table compares the transportation and other costs, including import duty, of landing a bushel of barley at Milwaukee from selected Canadian points and from adjacent points in the United States which have all-rail transportation to the same consuming center, Milwaukee-Chicago. Rates are in cents per 48-pound bushel.)

	Rail to Port Arthur- Fort William	FOB BING Port Arthur- Fort William	Lake, Port Arthur- Fort William to Mil- waukee, Wis.	Total rail and Lake to Mil- waukee, Wis.
Emerson, Manitoba..	7.2	3	19	19.20
Duty.....				7.50
Total.....				26.70
Noyes, Minn., all rail to Milwaukee, Wis.....				29.62

TABLE 1.—Barley—Continued

	Rail to Port Arthur- Fort William	FOB BING Port Arthur- Fort William	Lake, Port Arthur- Fort William to Mil- waukee, Wis.	Total rail and Lake to Mil- waukee, Wis.
Gretna, Manitoba..	7.2	3	19	19.20
Duty.....				7.50
Total.....				26.70
Neeche, N. Dak., all rail to Milwaukee, Wis.....				29.62
Northgate, Sask.....	9.12	3	19	21.12
Duty.....				7.50
Total.....				28.63
Northgate, N. Dak., all rail to Milwau- kee, Wis.....				34.06
North Portal, Sask.....	9.12	3	19	21.12
Duty.....				7.50
Total.....				28.62
Portal, N. Dak., all rail to Milwaukee, Wis.....				34.06
Lyleton, Manitoba..	8.64	3	19	20.34
Duty.....				7.50
Total.....				27.84
Antler, N. Dak., all rail to Milwaukee, Wis.....				34.05
Morden, Manitoba..	7.20	3	19	19.20
Duty.....				7.50
Total.....				26.70
Walhalla, N. Dak., all rail to Milwau- kee, Wis.....				29.09

¹ Approximate.

TABLE 2.—Grain: Comparative rates via United States railway to Duluth-Superior on the 1 hand, and via Canadian railroads to Port Arthur-Fort William on the other hand, points of origin being separated only by international border

To Duluth-Superior			To Port Arthur-Fort William		
Station on American side	Rate per hundred- weight	Rate per hundred- weight, including 12 percent emergency charge and 3 percent tax	Corresponding station on Canadian side	Rate per hundred- weight; no emergency charge or tax	Canadian rate as a percent of United States rate
From—			From—		
Noyes, Minn.; Pembina, N. Dak.....	33	38.07	Emerson, Manitoba.....	15	39.4
Neeche, N. Dak.....	33	38.07	Gretna, Manitoba.....	15	39.4
Northgate, N. Dak.....	41	47.30	Northgate, Saskatchewan..	19	39.5
Portal, N. Dak.....	41	47.30	North Portal, Saskatche- wan.....	19	39.5

The CHAIRMAN. Do you have any questions, Mr. Davis?

Mr. DAVIS. I do not have any questions right now. As far as the facts that are presented there, I think that is a pretty accurate statement, Mr. Hendrickson. I compliment you on it. We do not quarrel with the basic facts presented there.

Would you like for me to comment on this?

The CHAIRMAN. Yes, surely.

Mr. DAVIS. First, let me say that we are now, and have been for a number of months, in a period in respect to our agricultural production and marketing in which we are confronted more and more with a buyers' market and we are confronted in our support programs more and more with the question of imports at prices undermining our support program. Section 22 has been in the law for over 15 years, and since last January when we came into office there have

been more cases referred to the Tariff Commission than there were in the total 15 years or more before.

The point I am making is that we are aware of this kind of a problem, and we have had this barley situation under study since last spring. We have had a number of meetings on it.

With respect to section 22, really you come down to one point which is your test as to whether you can apply section 22, and that is this: Is there or is there not interference or threat of interference with the effectiveness of the support program? That is the only issue that really is involved in the application of section 22. We have decided that there was interference in the case of oats. We decided that a number of months ago in a hearing and recommended a hearing before the Tariff Commission, and the

Tariff Commission recommended that action be taken.

Action was taken, as you know, with respect to Canada first by agreement, and then later it was extended to other areas of the world. It was a rather complicated picture.

Senator DIRKSEN. That was the imposition of a quota on oats?

Mr. DAVIS. On the rest of the countries other than Canada.

Senator DIRKSEN. Yes.

Mr. DAVIS. We also decided some weeks ago that there was interference in the case of rye, and hearings have been held. The Tariff Commission has completed the hearings, and they have notified the public that anybody has until February 1 to file briefs. In the case of barley, we have not felt that there was actually a case to date.

The support program on barley is fundamentally a support program on feed barley or barley at feed price level, the idea being that malting barley in the years when we do have good malting barley and that varies by year—some years we have quite a lot of good malting barley, and some years it is less, depending on the season—will carry a premium, and as long as that premium places it above the feed price, it will go into the market for malting purposes. It is only in the case of a year when the supply of that kind of barley is so great that there is not adequate premium to put it above the support prices that it will be placed under loan.

One fact that was not brought out in the statement of Mr. Hendrickson is this, that at the beginning of this year we had one of the lowest carryovers of barley we ever had. So we did not start this year with a large carryover. Our 1947 to 1951 average stocks on hand, July 1, was 76.3 million bushels. This year it was down to 51.4 million bushels.

Senator DIRKSEN. What do you regard as a normal carryover?

Mr. DAVIS. Somewhere around 70 to 75 million bushels; and we were about 25 million below that at the beginning of this year. So there was not, as is true of wheat, a large carryover at the beginning of the year.

Mr. HENDRICKSON. I would like to ask this: Do you happen to have the breakdown of the carryover figure as between the malting varieties and the feed varieties because my impression is that the carryover from the malting varieties is rather high, while the carryover from the feed varieties was relatively low.

Mr. DAVIS. I think we are looking at this question of whether or not there is interference in terms of the kind of support program that is operating this current year and it is basically a feed price support program. While what you say is probably true, even so I do not think it is a material fact in determining whether or not there is interference with the program that is in operation this year because this is basically a feed price-support program.

You have raised a question there which is another question, I think, with respect to malting barley, but I think looking at it in the framework that exists now that we have to ask ourselves, is this present support program being interfered with by imports. Therefore, I think this carryover figure of 51 is the one we pretty much have to look at.

As we see the picture, we have a changing situation in barley. It is changing week by week. There are a number of factors that are not in the picture with great weight yet, but we are aware of them. One of them is the acreage controls on wheat and probably that is going to mean a greater shift to barley in another year. I think we have to look at that one. But there again you cannot actually go before the Tariff Commission and say there is right now interference on that kind of ground, either.

The CHAIRMAN. Why can't you do that?

Mr. DAVIS. Because there is not any actual threat of this year's program.

The CHAIRMAN. But here is a farmer that has 160 acres of land, and he can only raise wheat on 30 acres of it. I know of a quarter section that happens to have that. The Tariff Commission made up of human beings knows that the farmer has to seed rye in the fall or barley in the spring and certainly should consider that. There are going to be millions of acres of barley seeded in Wisconsin and North and South Dakota.

Mr. DAVIS. I think we will be in a position to appraise that when the intention-to-plant report comes out in March and we can take that factor into consideration, and we will have tangible evidence of it.

The CHAIRMAN. Will you not be in the same position then that you are in right now? Eleven million bushels of rye came in and we have raised only 23 million to compete, so there are 11 bushels of rye from Canada to compete with our 23. Certainly the Tariff Commission ought to realize that barley is going to be seeded.

Mr. DAVIS. The point I am making is this, that we are approaching what seems to us like a period where while the case we have not felt to date is strong enough so that we are justified in going to the Tariff Commission, it may well be that situation soon will be different. It is changing and we are now beginning to look at the new year. We may very well within a reasonable time ask the Tariff Commission to investigate the barley situation. I do not know. But it has not looked to us like we had a strong enough case to go before the Tariff Commission and win up to date.

Our estimate is that we will finish this year with a carryover of 60 million bushels total of barley.

Mr. HENDRICKSON. You thereby have increased that estimate by 10 million bushels in the last 2 months.

Mr. DAVIS. Yes. That anticipates 35 million imports, which is the figure you used.

Mr. HENDRICKSON. Yes.

Mr. DAVIS. We started this year with 51 million bushels carryover, and it looks like we will end it with about 60 million left over, and the 5-year average is around 75 million bushels. All of those are figures that have to be taken into consideration in weighing whether or not we have a case to present before the Tariff Commission.

The CHAIRMAN. Are you not overlooking the fact that most of that barley is harvested in the Northwest after July 1?

Mr. SUPPES. No, we are not overlooking that fact. That is normal.

The CHAIRMAN. In other words, you are putting that over to next year?

Mr. SUPPES. The marketing year begins July 1.

The CHAIRMAN. The poor devil of a farmer is going to find himself in August with a lot of barley on hand and unable to get a good price for it.

Mr. DAVIS. He will have this year's production, if the weather is good, which may be higher than last year, because of the diverted acres. We will have a relatively low carryover supply in this country in the beginning of 1954-55. Of course, with the support program on the basis of feed, barely has to be looked at, I think, in connection with corn and oats and rye and all of these other factors, too, and that we have tried to do.

Mr. HENDRICKSON. I am a little surprised at one thing, let me say frankly, at your indifference with respect to the loss of this barley market. The production of this malting barley has been a very important activity in the country and State extension services for years. It is a very important source of income as far as the farmers are concerned.

Mr. DAVIS. It is not a matter of indifference. It is a matter of uncertainty.

Mr. HENDRICKSON. You mean to say that

you are afraid that the processors of malt in this country may run short of supplies?

Mr. DAVIS. No. We are faced with the question, Is there or is there not interference with the support program as it is set up? We have not felt that there was a case. Mr. Suppes here is more familiar with these figures than I am.

Mr. SUPPES. Despite the sizable imports, they may be 35 or 40, as you say—there are already 25 to 26 to date this year—our supplies this year are relatively low. They are just about as low as they were the year before, which is away below average. That is one of the weak spots in this picture in finalizing our recommendation at this time. That is also despite the fact that our exports are shrinking away from us. Despite all these things, our supplies are rather on the low side for barley and our carryover next summer is going to be rather on the low side.

Mr. HENDRICKSON. Sixty million bushels.

Mr. SUPPES. 75 or 80 would be a more comfortable carryover.

Mr. HENDRICKSON. Of course, out of a carryover a very big percentage is going to be in the hands of the CCC at considerable cost to the Government.

Mr. SUPPES. That is one of our uncertainties. It is true that 32 million has been put under support, and considerable more may be put under by January 1. We do not know today how much farmers are going to deliver. Prices would not have to increase very much more for the farmers to redeem their loans.

Mr. HENDRICKSON. There is not one single chance of the prices strengthening with the tremendous quantities which are backed up in Canada, which are available at all times at prices just below whatever the price is here, and as a result of a monopoly situation in Canada.

Mr. SUPPES. That is one of the depressing factors, the backlog in Canada.

Mr. HENDRICKSON. It is a dumping program.

Mr. SUPPES. That is right. The stage is set for possible trouble in the future. The only way we differ is concerning the absolute certainty at the present time.

The CHAIRMAN. Cannot there be something done now to prevent that dumping?

Mr. SUPPES. The only procedure that we know of is through section 22.

The CHAIRMAN. That is the only way we can do it?

Mr. SUPPES. That does not always move slow, however. Sometimes that procedure is quite slow; it takes 2 or 3 months. Sometimes it takes only 3 or 4 weeks.

Mr. COLLINS. Did not Secretary Benson, when he was testifying before the Agriculture Committee last April, concede that there were some defects in section 22, and it ought to be amended to speed up the process?

Mr. SUPPES. I cannot say for that.

Mr. DAVIS. That is right, and it was amended to give the President extraordinary powers pending a hearing.

Mr. COLLINS. To act in an emergency. Mr. DAVIS. He can act during a period pending the investigation by the Tariff Commission if he feels that the situation warrants it. So far he has not used that power, but it was provided last summer.

Mr. COLLINS. Is this barley still coming in as of today, or is it held up or slowed up because of the lakes freezing over?

Mr. SUPPES. It is slowing down because of the lakes being frozen. The majority of it normally moves by water.

Mr. COLLINS. What is the latest figure you have, Mr. Suppes, for the total amount that has come in from Canada since July 1, up to as close a date to today as possible, and comparing that with the same period last year?

Mr. SUPPES. Estimating November and December, we think about 25.8 million bushels have come in.

Mr. COLLINS. How does that compare with last year?

Mr. SUPPES. Last year, 14.4 during the same 6 months, and the year before, 8.7.

Mr. COLLINS. So it is well over a 50-percent increase this year over last year.

Mr. SUPPES. Nearly double. In addition to this 25.8 there is about 2 million bushels in bond, most of which has come from Canada.

Mr. COLLINS. And as soon as the lakes open up, that could come in immediately.

Mr. SUPPES. They are already here in bond, and they could be released tomorrow or 3 months from now. We do not know. So you might say the total is a round 28 million. That is more than you thought.

Mr. HENDRICKSON. I am plenty optimistic about the quantities coming in.

Mr. COLLINS. This has a very definite effect on our price-support program, does it not?

Mr. SUPPES. There is no question but that it is a depressing factor. We do not attempt to argue that.

Mr. COLLINS. And there might be need of invoking section 22?

Mr. SUPPES. There very well might be.

Mr. DAVIS. Yes. In these proceedings, the Department of Agriculture has the responsibility of proving a case before the Tariff Commission along with help from the trade. But we initiate the case, and then we have the responsibility as far as the agencies of Government are concerned of trying to prove the case. The long and short of it is up to now we have not felt that the case was sufficiently strong that we could prove it.

Mr. COLLINS. It is not on all fours with the rye situation.

Mr. DAVIS. No.

Mr. SUPPES. That was an open-and-shut case.

Mr. DAVIS. It is being reviewed almost day by day. These are some of the men that are reviewing it; that is, this committee within the Department.

Mr. SUPPES. We can assure you that we are watching it, and we have every intention of moving as soon as conditions justify under the law.

Mr. COLLINS. These imports that are coming in, are they all feed barley, or is there some malting barley?

Mr. SUPPES. The great majority is malting barley. We think 70 or 80 percent. You asked awhile ago as to what the figures are of the malting barley carryover. We never have had them. In the first place, you cannot define malting barley. Malting barley is not malting barley until a maltster buys it and uses it for malting. He can use low or high grade, depending on supply and prices.

Mr. HENDRICKSON. Yes. However, it is easy to indicate the supplies by origins and classify it as malting or nonmalting barley. For instance, most barleys originating in North Dakota or Minnesota would fall in the category of malting barley. It is raised for those premiums.

Mr. SUPPES. About half of all the barley that goes to market from farms is used for malting purposes. It is a very big factor in our farming and malting industries.

Mr. HENDRICKSON. What I find difficult to comprehend is how much evidence is necessary to make a case in connection with section 22. The mere intention to plant will certainly show an increase in barley acreage that is equal percentage-wise to rye, if not greater. It is only natural that is to be expected. It takes so long for action to come about. Even on oats this year, the hearings were held before the Tariff Commission in July, and the Tariff Commission had a report in September, to be sure, but before any action was finally taken under the Tariff Commission recommendations, another record quantity of oats had come into the country. I just have the feeling that we are going to have the barley pro-

ducer in this country in one terrible tragic situation throughout the harvesting and early marketing season next year because his market will again have been turned over to Canada. The market he will have will be the price-support program.

Mr. DAVIS. In answer to your question, I think we have had about 15 or 17 years of experience under section 22, and I think the record pretty well demonstrates that you have to have a pretty strong case in order to get the desired finding by the Tariff Commission, and then if you want action—

Mr. HENDRICKSON. Of course, we feel we have a very strong case at the present time, particularly anticipating this acreage increase that we are going to have. We will have barley rolling out of our ears next fall with no place to go except CCC price support, and every bushel that goes there tends to cost the Government money and tends to defeat the purpose of price support.

The CHAIRMAN. And the newspapers come out, who are opposed to the farmer, and tell about the great loss on the part of the CCC and the great subsidy to the farmer.

Mr. SUPPES. The CCC has lost very little money on the barley support program to date. That is one of the weak spots in this armor. It has had to take over very little barley in the last 4 years. It owns only about 450,000 bushels of barley today. We have weighed the pros and cons and we feel at this moment our case is not quite watertight.

Mr. COLLINS. What would you have to have, Mr. Suppes, to make a strong case as far as barley is concerned?

Mr. SUPPES. We would have to know with some certainty what our 1954 production is going to be.

Mr. COLLINS. Production is 1 point.

Mr. SUPPES. We are almost certain that there is going to be a 25-percent expansion in seeded acres but we do not know what the growing weather is going to be. There might be a big crop failure in barley. We, at the Department of Agriculture, have to confine ourselves to the terms of section 22. We have to be practically certain that there will be material interference with the program or operation undertaken by the Department of Agriculture. We cannot go outside of those terms.

Mr. COLLINS. But you can take into consideration what you feel are unusually heavy importations. That is part of the picture.

Mr. SUPPES. We are well aware of the heavy importations. But we say despite that our supplies are rather short this year.

Mr. DAVIS. We own only half a million bushels. The carryover at the beginning of this year was low. The carryover at the end of this year is going to be lower than the average. While it is true that the acreage may be up and then if the weather is good we will have a heavy production, in another year we will probably be in serious trouble, but we are 4 or 5 or 6 months from the time when those imports will be actually coming forth. We cannot as of January make a case on that basis according to the experience that we have had in making these kinds of cases. That is about the long and short of it.

The CHAIRMAN. Cannot the farmers be protected? If there is a shortage in the crop, certainly Canada will always be glad to send their barley here. They have it there and have no other place to send it.

Mr. SUPPES. Yes; they have. The majority of their outlets are other than the United States. It is not like rye or oats where there is virtually only one outlet, the United States. Three-fourths of their outlets for barley are in countries other than the United States.

Mr. HENDRICKSON. Of course, Mr. Chairman, I think there is a tendency as you view this matter in the Department to overlook one of the secondary provisions of section 22, which has also as a responsibility of the Department of Agriculture to take account

of this fact of where you are threatened with reducing substantially the amount of products processed in the United States from domestically produced commodities. This market for malting and pearling barley is about 75 percent taken over by the Canadian product. What do they have to do before we invoke that particular provision? Does it have to be 90 or 100 percent?

Mr. SUPPES. We will readily grant—

Mr. HENDRICKSON. I think you are viewing this as a feed problem. The areas we are talking about are malting barley. I know why you do not have a support price on malting barley. It is impossible to work one. You cannot do it because there is no standard to measure by. It is a fact, and a glaring fact, that the barley being used in the malting and food industry is practically all coming from Canada today. Therefore, our percentage of that market is gone.

Mr. SUPPES. We use about 90 million bushels of barley for malting. Of the 35 million that come in, we will say that three-fourths of it will be malting, so 22 million will be malting. So you might say 20 out of 90 million is very probably Canadian barley in the malting industry this year.

In previous years it has been 5 to 10 percent.

Another one of our blind spots we might emphasize or repeat—we have already said it—is that even though farmers have placed large amounts of barley under price support, they might still redeem and not deliver. That has happened many years in the past on various commodities. Farmers play safe and avail themselves of their price-support privileges and the market goes up and they are able to redeem and not deliver. The spread between price support and national average farm price today is only 9 cents. The effective spread is only about 5 cents. So theoretically if the market goes up only 6 or 7 cents, farmers would be in a position to redeem. Undoubtedly much of this large amount under support would be redeemed in the light of our rather tight supplies and our rather tight carryover before the new crop hits us.

Mr. COLLINS. Speaking of placing barley under loan, Mr. Suppes, suppose you have out in North Dakota or Minnesota, a farmer who is raising barley for malting purposes—high quality malting barley. He finds that he cannot get his price at the market.

Mr. SUPPES. You mean cannot get the usual premium of 40 or 50 cents over feed prices?

Mr. COLLINS. When he puts that under loan, he gets the feed price?

Mr. SUPPES. That is true, and unfortunately true.

Mr. COLLINS. So therefore that is an inequity in forcing that farmer who is raising high quality barley when he finds that he has to put it under loan at the barley-feed price.

Mr. DAVIS. What you say is true, and I would not quarrel with the fact you are bringing out, but you see the question we are dealing with here under section 22, are the imports interfering with the support program? That does not quite include the point you are making. We do not argue that the point you are making should not be taken into consideration and does not have merit.

Mr. COLLINS. But there is an inequity present and how can you cure it?

Mr. SUPPES. That is true. The support program is not rendering the service we wish it were. Under the section 22, we are still not "practically certain" that the program conducted by the Department will be materially interfered with.

Mr. COLLINS. But you are keeping your eye on it.

Mr. SUPPES. Yes; we are. We think we may be headed for trouble. If we have average weather and things work out normally, we are headed for trouble.

Mr. DAVIS. As I see it, Mr. Chairman, our difference is not one of philosophy or feeling for the farmer; it is just a question of whether or not a case exists now to warrant action under section 22. We feel we must have a pretty strong case when we go before the Tariff Commission, as experience has shown. The stronger the case, the quicker you can usually get action. We are approaching a situation that is getting worse. I think it is accurate to say as time goes on and we face a new year, it is one we want to watch and we are going to watch. But up to now we have not felt that we had a case strong enough to win within the framework of operations of section 22. That about summarizes it.

Mr. SUPPES. I might say, Senator, we have given you a copy of all our statistics brought up to date. So you are free to keep that as a part of the record, and use it in addressing any questions to us that you see fit, now or hereafter.

Mr. DAVIS. We are glad to have this chance to come up and explore this with you.

The CHAIRMAN. It does seem too bad that it is so hard to convince the Tariff Commission. I kind of wish you fellows were the Tariff Commission.

Mr. SUPPES. We will have our first crop outlook report in March. We will not have the first actual crop report until July. But we will have many reports from the field that will indicate weather conditions and probable yield. I would say by April or May we will have a pretty clear picture of what we are heading into.

Mr. COLLINS. Just about the time the lakes open up.

Mr. SUPPES. Yes; about the middle of April.

Mr. COLLINS. I have no more questions, Mr. Chairman.

The CHAIRMAN. I think that is all. I want to thank you gentlemen for coming up. I am delighted to know you are watching the situation so carefully.

Mr. SUPPES. We will keep in touch with you, Senator, and advise you of any significant changes.

(Thereupon at 11 a. m. the hearing was concluded.)

(The following communication is made a part of the printed record:)

NATIONAL FARMERS UNION,
Washington, D. C., January 20, 1954.
Hon. WILLIAM LANGER,
Chairman, Senate Judiciary Committee,
Senate Office Building,
Washington, D. C.

DEAR SENATOR LANGER: Owing to the pressure of other duties and commitments it was impossible for me to attend the hearing of your committee on barley imports. However, I do want our views to be considered by your committee and by the general public.

I note that the Department of Agriculture has refused to give this problem sufficient consideration at this time to initiate any move to urge the Tariff Commission to study the problem or to take any action relative to it. With farmers receiving only 83 percent of rollback parity for their barley, this delay and waiting to complete further studies in the Department of Agriculture is without justification. One can but wonder, in view of the recent administration recommendation favoring the sliding scale, if maybe the Department is not planning to wait to move on the barley situation until after the price drops below 75 percent of parity.

It is my understanding that barley imports from Canada are twice as high this year as last. Farmers are putting four times as much barley under the loan this year as last. Even then, however, the Canadian imports and the failure of the administration to solve the storage problem are requiring farmers to accept less than the legal support

level for their barley sales. On the face of it these delays in referring the import problem to the Tariff Commission as required by section 22 of the agricultural adjustment law and failure and delay in connection with the storage program appear to be a deliberate attempt to put the sliding scale into operation in the absence of legislative authority to do so.

The parity price of barley is now calculated on the new rollback formula. This means that when deliberate or ineffectual actions by the Secretary of Agriculture allows the price of barley to fall below 100 percent of parity, this lower market price becomes a permanent part of the price record which goes into the calculation of the moving average. This means that a price in 1953-54 of only 83 percent of parity for barley will cause a progressive lowering of the barley parity price itself each year for 10 long years.

I urge your committee to make a full investigation of this condition. The appropriate means of curing these problems is the enactment of a law that will support the prices of barley to American family farm producers at 100 percent of parity with the international exchange of barley governed under a negotiated international agreement similar to the International Wheat Agreement, in the extension of which last year you played such an important part. Such negotiated international commodity agreements should be buttressed by the establishment of a negotiated international raw materials reserve or pool similar to the setup that would be provided by enactment of the international food reserve resolution that you and 23 other Senators introduced last year.

The farmers of this or no other country should be required to carry the full burden of international good will. Through negotiated international agreements entered into and administered with intelligence and cooperation these problems can be solved satisfactorily to all concerned.

In the absence of such intelligent international action, the only course open to American family farmers and their friends in the Congress is to demand that no imports of barley be allowed to enter the United States at any time when the domestic price to American farmers is less than 100 percent of parity.

I thank you for this opportunity to make known our views on this important problem in this way. I request that you insert this letter in the record of your hearings.

Sincerely,

JOHN A. BAKER,
Assistant to the President.

Mr. KNOWLAND. Mr. President, may I ask what time remains?

The PRESIDING OFFICER. The majority leader has 65 minutes remaining, and the minority leader has 96 minutes.

Mr. KNOWLAND. I am prepared to yield back the remainder of my time. I have no further requests for time.

Mr. JOHNSON of Texas. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time is yielded back.

The bill having been read the third time, the question is, Shall it pass?

Mr. KNOWLAND. On this question I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Georgia [Mr. GEORGE], the Senator from Missouri [Mr. HENNINGS], and the Senators from

Montana [Mr. MANSFIELD and Mr. MURRAY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

I announce further that, if present and voting, the Senator from Georgia [Mr. GEORGE], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Montana [Mr. MANSFIELD] would each vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Delaware [Mr. WILLIAMS], who is necessarily absent, is paired with the Senator from Wisconsin [Mr. MCCARTHY], who is detained on official business. If present and voting, the Senator from Delaware [Mr. WILLIAMS] would vote "yea," and the Senator from Wisconsin [Mr. MCCARTHY] would vote "nay."

The result was announced—yeas 75, nays 13, as follows:

YEAS—75

Aiken	Ervin	McNamara
Allott	Flanders	Millikin
Anderson	Frear	Monroney
Barkley	Fulbright	Morse
Beall	Goldwater	Mundt
Bender	Gore	Neuberger
Bennett	Green	Pastore
Bricker	Hayden	Payne
Bridges	Hickenlooper	Potter
Bush	Hill	Purtell
Butler	Holland	Robertson
Byrd	Hruska	Russell
Capehart	Humphrey	Saltonstall
Carlson	Ives	Schoeppel
Case, N. J.	Jackson	Scott
Case, S. Dak.	Johnson, Tex.	Smathers
Clements	Kefauver	Smith, Maine
Cotton	Knowland	Smith, N. J.
Curtis	Kuchel	Sparkman
Daniel	Lehman	Stennis
Dirksen	Long	Symington
Douglas	Magnuson	Thurmond
Duff	Martin, Iowa	Thye
Eastland	Martin, Pa.	Watkins
Ellender	McClellan	Wiley

NAYS—13

Barrett	Kerr	O'Mahoney
Bible	Kilgore	Welker
Dworshak	Langer	Young
Jenner	Malone	
Johnston, S. C.	Neely	

NOT VOTING—8

Chavez	Kennedy	Murray
George	Mansfield	Williams
Hennings	McCarthy	

So the bill (H. R. 1) was passed.

Mr. BYRD. Mr. President, I send to the desk an order and ask that it be considered and agreed to.

The PRESIDING OFFICER. The clerk will read the order.

The Chief Clerk read as follows:

Ordered, (1) That the bill (H. R. 1) be printed with the Senate amendments numbered.

(2) That in the engrossment of the amendments of the Senate to the bill the Secretary of the Senate is authorized to make all necessary technical and clerical changes, including changes in section, subsection, paragraph, etc., numbers and letters and cross-references thereto.

The PRESIDING OFFICER. Without objection, the order is agreed to.

Mr. BYRD. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD, Mr. GEORGE, Mr. GORE, Mr. MILLIKIN, and Mr. MARTIN of Pennsylvania conferees on the part of the Senate.

INTERIOR DEPARTMENT APPROPRIATIONS, 1956

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 264, H. R. 5085, the Interior Department appropriation bill.

The PRESIDING OFFICER. The Secretary will state the bill by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 5085) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1956, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments.

ADDITIONAL BILLS INTRODUCED

Mr. HUMPHREY, by unanimous consent, introduced the following bills, which were read twice by their titles, and referred, as indicated:

S. 1900. A bill for the relief of Helen Agnes Blais (Junko Furakawa); and

S. 1901. A bill for the relief of Elfriede Andreas Carlson; to the Committee on the Judiciary.

S. 1902. A bill to promote greater economy in the operations of the Federal Government by providing for a consolidated cash budget, a separation of operating from capital expenditures, the scheduling of legislative action on appropriation measures, yea and nay votes on amendments to appropriation measures, and a Presidential item veto; to the Committee on Government Operations.

(See the remarks of Mr. HUMPHREY when he introduced the last above-mentioned bill, which appear under a separate heading.)

PROPOSED ECONOMY ACT OF 1955

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill to promote greater economy in the operations of the Federal Government by providing for a consolidated cash budget, a separation of operating from capital expenditures, the scheduling of legislative action on appropriation measures, yea-and-nay votes on amendments to appropriation measures, and a Presidential item veto. I ask unanimous consent that a statement, prepared by me, explaining the purposes of the bill, be printed in the RECORD.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 1902) to promote greater economy in the operations of the Federal Government by providing for a consolidated cash budget, a separation of op-

erating from capital expenditures, the scheduling of legislative action on appropriation measures, yea-and-nay votes on amendments to appropriation measures, and a Presidential item veto, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on Government Operations.

The statement presented by Mr. HUMPHREY is as follows:

STATEMENT BY SENATOR HUMPHREY

I have today introduced for appropriate reference, a bill to be known as the Economy Act of 1955. It is a bill which I have submitted to the Senate since the 81st Congress. We have now had time for serious and careful study by the Congress and I hope it can be enacted in this session.

The bill is designed to promote greater economy in the operations of the Federal Government by providing for a consolidated cash budget, a separation of operating from capital expenditures, the scheduling of legislative action on appropriation measures, yea and nay votes on amendments to appropriation measures, and a Presidential item veto.

I want to bring to the attention of the Senate the fact that one of the provisions incorporated in my bill would establish a Presidential item veto. Such an item veto is essential in an over-all program for economy. It can act as an effective barrier against logrolling and legislative riders and thus curtail the needless porkbarrel items from being included in the appropriation bills. An item veto is standard practice in 39 States. Congress itself has approved this plan in the past in authorizing the chief executive of the Philippine Islands and Puerto Rico to veto individual items in appropriation bills. This proposal is designed to establish that provision within constitutional limitations.

The distinguished senior Senator from Virginia [Mr. BYRD] has introduced a constitutional amendment to accomplish this objective which we share. I welcome the Senator's proposed amendment and would be pleased to support it if that seemed the most effective way to attain our objective. There are constitutional questions that are raised by this effort. The late distinguished Senator from Michigan, Mr. Vandenberg, had come to the conclusion that a legislative proposal along the lines suggested in my bill would be constitutional and proper. It is in that spirit that I introduce the bill, but I am perfectly prepared to accept a constitutional amendment if that proves to be most effective.

In that connection, I ask unanimous consent to have printed at the conclusion of these remarks an article from the New York Times of March 4, 1955, written by the distinguished Washington commenorator, Mr. Arthur Krock.

(See exhibit A.)

The Economy Act of 1955 also calls for the establishment of a consolidated cash budget. The consolidated cash budget is the only way in which the national fiscal picture can be presented to the American people truly and accurately. It shows the actual flow of money between the Government and the people. It would be a true measure of the impact of the budget on our economy in that it would eliminate from the budget payments and receipts from Federal trust funds. I urge that our Government provide the American people with a realistic basis for relating the budget to the economic environment so as to permit intelligent debate on the budget by adopting the consolidated cash budget. I am pleased that this proposal has in the past strongly been supported by the Committee for Economic Development.

A third provision of my bill is designed to separate operating from capital expenditures of the budget. Every business concern makes such a distinction clear in its fiscal operation. The Hoover Commission proposed as one of its central recommendations that these two forms of expenditures be separated in our budget.

Basic to the fiscal operations of our Government must be the ability of Congress intelligently, carefully, and perseveringly to scrutinize the budget requests that come from the executive branch. We have been in the past derelict in our responsibility in meeting that objective. I am pleased to have been a cosponsor of the bill, as presented by the senior Senator from Arkansas [Mr. McCLELLAN], which would create the Joint Committee on the Budget, and which would provide adequate staff to check carefully every budget item so that the Congress can carry out its responsibilities more carefully. In addition to that proposal, however, it is also necessary that Congress schedule its legislative action on appropriations more carefully. This is the fourth proposal in my bill.

The Economy Act of 1955 provides for the chairmen and the ranking minority members of the Committees on Appropriations of the House of Representatives and the Senate to work with the Speaker of the House and the President of the Senate to establish and then to adhere to a specific schedule for handling appropriation measures. In recent years appropriation measures have rarely been enacted in time for the beginning of the fiscal year. The uncertainties and waste arising from this delay should be avoided.

The last essential program in my bill provides for yea-and-nay votes on appropriation measures. There is a great deal of talk about economy, but that talk is not always accompanied by consistent action. The voters in a democracy have a right to know how their representatives have been acting on crucial appropriation measures. The Economy Act of 1955 is an effective way for Members of Congress to be counted on issues affecting economy. It would provide actual yea-and-nay votes on all appropriation measures.

I make a plea for earnest legislation consideration of the bill. The present budget practices of the Federal Government are more than 30 years old. They need to be revitalized to bring about efficient economy in Government. Our Government's antiquated budget should be placed on a businesslike basis. We need to streamline our budget machinery and thus provide a constructive and nonpolitical approach to the problem of our economy. We need to provide the facts to the American people, so that they can legislate economy intelligently and constructively.

EXHIBIT A

[From the New York Times of March 4, 1955]
IN THE NATION—ANOTHER ATTEMPT TO GRANT
THE ITEM VETO

(By Arthur Krock)

WASHINGTON, March 3.—Senator BYRD, of Virginia, has revived the old effort to give authority to the President to disapprove particular items in revenue bills instead of, as now, being obliged to veto or approve them in toto. He has proposed an entirely new formula which may find favor for the general objective which hitherto it has lacked.

Previously the plan advanced was to write into the Constitution unrestricted "item veto" power for the President. Under the Byrd proposal, Congress is authorized to grant or withhold it in any appropriation bill it passes. Congress could specify the sections open to separate veto, maintaining the same right to override a Presidential veto of items as it now has with respect to measures as a

whole. If the Byrd amendment were now a part of the Constitution such riders as the Rayburn \$20-per-head-tax deduction on the bill to extend corporate and excise-tax rates would be within the President's veto power. So would be the more frequent type of riders that, in contrast to the Rayburn proposal passed by the House, are not even faintly germane.

The item veto authority over appropriation bills is already possessed by the governors of three-fourths of the States. Several governors have the alternative power of reducing an item. In some States, they can veto items in legislation of any kind. To Senator Vandenberg, who was an advocate of this Federal reform, President Roosevelt wrote, September 24, 1937: "During my 4 years as Governor of New York, I came to the conclusion that the right to veto items in general appropriation acts met with general favor on the part of the legislature and the public."

TWO ROOSEVELTS AND DOUGLAS

He was replying to a letter in which Vandenberg made this observation:

"Legislative riders on tax and appropriation bills * * * rob the Executive of legitimate and essential freedom of action in dealing with this legislation. * * * I do not see how there can be effective Executive action upon an appropriation bill unless it can be considered by the President in its separate factors."

President Roosevelt replied that Congress already had the machinery to suppress "the evil of intermingling wise and unwise expenditures, or tax provisions * * * like that of riders," and "if there were a public opinion * * * strong enough to carry a constitutional amendment [to the purpose] it ought to be reflected in the action of Congress." But in 1953 his son, Representative FRANKLIN D. ROOSEVELT, JR., came out for direct action. On May 14 he served notice that, each time an appropriation bill was before the House, he would propose item veto authority for the President. He quoted Senator PAUL DOUGLAS, of Illinois, as estimating that the lack of this authority costs "about \$4 billions a year of the taxpayers' money."

The Roosevelt, Jr., motion was ruled out of order by the Chair on the ground that it sought to impose legislation on an appropriation bill. That ruling made it additionally clear that an amendment to the Constitution was required for the purpose. But all amendment texts proved vulnerable to the charge that they would dangerously expand the Executive province, enable him to reward and punish areas and individuals politically, and remove from Congress one of the vital checks and balances derived from the Constitution. By his new formula Senator BYRD hopes to blunt the edge of that point by minimizing its cause.

THE CRITICS ANSWERED

Other objections have been raised which, with BYRD's answers, follow:

A constitutional amendment is dangerous because, if a President abused the prerogative granted, the harm would be done before the amendment could be repealed. (Answer) Since the item veto authority under the Byrd amendment would be granted by statute, it could be as quickly suspended or repealed, and by joint resolution, which is not subject to Presidential veto.

An amendment text, even with the above safeguard, could probably not be made acceptable to Congress. This is because amendments must be brief and that precludes the essential definitions of terms like "items" and "provisions." (Answer) The Byrd text leaves all these definitions to Congress; also the occasions when they are to be applied.

"The Federal budget has been in the red 23 out of 26 years," said BYRD in support of his plan. "The Federal debt is at its peace-

time peak of \$280 billions. Contingent debt of the Federal Government is approximately \$250 billions. * * * A balanced budget is not in sight. This is a device to attain constructive and responsible economy * * * and I believe it to be properly safeguarded in the form I have presented."

Constitutional amendments must travel a rugged, uphill path before they can obtain the two-thirds of Congress required to submit them to the States and the subsequent approval of two-thirds legislative majorities in three-fourths of the States. But not many of Democratic origin can claim the support of so rare a party alliance as that of BYRD, DOUGLAS, and ROOSEVELT, JR.

PROPOSED CRAZY HORSE MEMORIAL COMMISSION

Mr. MUNDT. Mr. President, earlier today, on behalf of myself and six of my colleagues from neighboring States, the Senators from Minnesota [Mr. THYE and Mr. HUMPHREY], the Senators from North Dakota [Mr. LANGER and Mr. YOUNG], and the Senators from Wyoming [Mr. BARRETT and Mr. O'MAHONEY], I introduced the joint resolution (S. J. Res. 69) to establish a Crazy Horse Memorial Commission and to provide ways and means whereby the Government can assist in the completion of this great mountain monument in tribute to the American Indian. Representative E. Y. BERRY, of South Dakota, today introduced an identical bill in the House.

Korczak Ziolkowski, one of America's great sculptors, has devoted many years to the carving of this tremendous likeness of that outstanding Sioux Indian leader, Crazy Horse. Much progress has been made on this work of art, which will comprise the largest monument in history carved to the likeness of a human being.

This great project, located in the beautiful Black Hills of South Dakota, provides an opportunity at long last for all Americans to pay tribute to a great and courageous race—the American Indian.

The inevitable onward march of civilization forced the American Indian from his happy hunting grounds and his ancient campsites. Pushing ever westward in a hurry, our white settlers steadily drove the Indian onto less and less attractive lands. Treaties were broken or misinterpreted. Firearms and firewater were used to help bring conquest to these courageous defenders of their homeland.

Even today we are late, we are slow, and we are small in our efforts to rectify earlier wrongs and to gear our American Indians profitably and equitably into today's civilization which they have come to accept and to applaud.

In World War I, Indian scouts did much to help our Armed Forces overseas. In World War II they fought valiantly in support of the forces of the free. In the Korean war, there was an Indian lad at that memorable occasion at Iwo Jima.

In the last two of these wars, the Sioux Indians contributed a greater percentage of their youth to the wars than any other race.

Mr. President, I recall seeing one day in Trafalgar Square in London a statue erected to the memory of George Wash-

ington. I stopped and pondered approvingly over the manner in which time erases enmities and solidifies the feelings of people. How fitting it is, therefore, that America is now resolved to pay a tribute in this mountain monument to a great Indian leader and to a great Indian race.

This Crazy Horse monument will bear testimony to all the world of our determination to deal fairly—and I hope generously—with our Indian friends who have for too long been too much neglected in this country which was taken from them in the only aggressive wars in which we have ever engaged.

In the mountain fastnesses of the Black Hills in the general area where the Indian last resisted the forward advance of civilization, it is my hope that this monument to the memory of Crazy Horse, carved in symbolic tribute to the early owners of America, may help inspire us all to maintain our aversion to aggressive wars and to devote ourselves to the solution of our Indian problems until both economically and educationally our Indian friends can claim their rightful place among us as free and happy equals enjoying fully the manifest blessings of our way of life and of today's America.

ADDITIONAL ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. KUCHEL:

Address delivered by him to students attending the Southern California Christian College.

By Mr. MONRONEY:

Speech delivered by Senator MAGNUSON before the Airport Operators Council in Seattle, Wash., April 27, 1955.

By Mr. THURMOND:

Address entitled "Our Living Constitution," delivered by Miss Sylvia McKenzie, of Lake City, S. C.

Press release from Defense Department announcing the award of the Congressional Medal of Honor posthumously to Pfc. Charles H. Barker, of Pickens, S. C.

By Mr. JENNER:

Article entitled "Four-Power Fantasy," written by David Lawrence and published in the U. S. News & World Report of May 6, 1955.

By Mr. HUMPHREY:

Article written by Representative HARRISON A. WILLIAMS of New Jersey and published in the April 7, 1955, issue of the Reporter magazine.

Article entitled "The Khrushchev I Know," written by Mr. Marshall MacDuffie, and published in the April 15, 1955, issue of *Colliers* magazine, which will appear hereafter in the Appendix.

By Mr. SPARKMAN:

Editorial entitled "Harry S. Truman Gains in Fame," published in the *Anniston*, (Ala.) *Star*, of May 1, 1955.

Editorial entitled "GOP Suddenly 'Loves' the Farmer," published in the *Montgomery* (Ala.) *Examiner* of April 29, 1955.

Editorial entitled "All Participating Nations Gain Under Wise World Trade Program," published in the *Birmingham* (Ala.) *News*, of May 2, 1955.

Speech of Hon. William Benton on the subject Business and Its Political Mythology, delivered to Young Presidents National

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House passed 90% price support bill. Senate passed Interior appropriation bill, which includes FS items. Sen. Payne spoke against rigid price supports.

HOUSE

1. PRICE SUPPORTS. Passed, 206-201, with amendments H. R. 12, to reestablish 90% price supports for basic commodities, provide for 80-90% supports on dairy products, extend the brucellosis program, and increase the school lunch program (pp. 4903-51, A3039, A3042-3).

Agreed to the following amendments:

By Rep. Cooley (for the committee), to delete provisions for a domestic marketing certificate plan for wheat (pp. 4912-15).

By Rep. Polk, to insure that the brucellosis provision would apply to 1956 as well as 1957 and 1958 (p. 4931).

Rejected the following amendments:

By Rep. Laird, to increase dairy supports to the level of the basics; by a 39-58 vote (pp. 4915-31).

By Rep. Rogers, Tex., to increase supports for grain sorghum to 80-85% of parity; by a 47-62 vote (pp. 4942-3).

By Rep. Green, Pa., (on a separate vote following consideration of the bill in Committee of the Whole) to strike peanuts from the list of basic commodities and to repeal the provisions for peanut allotments; by a 193-215 vote (p. 4949).

Rejected, 199-212, a motion by Rep. Hill to recommit the bill (p. 4950).

2. TRADE AGREEMENTS. Reps. Cooper, Dingell, Mills, Jenkins, and Simpson of Pa. were

appointed conferees on H. R. 1, the trade agreements bill (p. 4902). Senate conferees have been appointed.

Both Houses received from the President ^{a message} recommending legislation to permit revision of the 1946 trade agreement with the Philippines; to House Ways and Means Committee and Senate Finance Committee (H. Doc. 155)(pp.4973, 4856).

3. DEFENSE DEPARTMENT APPROPRIATION BILL, 1956. The Appropriations Committee reported this bill, H. R. 6042 (H. Rept. 493)(p. 4966).
4. POSTAL PAY. Received the conference report on S. 1, the postal pay bill (pp. 4952-66).
5. COPPER IMPORTS. Passed without amendment H. R. 5695, to continue through June 1958 the suspension of certain import taxes on copper (pp. 4901-2).
6. BANKING AND CURRENCY. Rep. Patman criticized the Open Market Committee of the Federal Reserve System (pp. 4971-2).
7. ADJOURNED until Mon., May 9 (p. 4973). Legislative program, as announced by Majority Leader McCormack: Mon., postal pay, D. C. bills, statehood; Tues., statehood; Wed. through Sat., defense appropriations, reserve manpower, and perhaps salt-water research (with a "probability", however, that the reserve manpower bill will not be reached until the following week)(pp. 4951-2).

SENATE

8. INTERIOR DEPARTMENT AND RELATED AGENCIES APPROPRIATION BILL FOR 1956. Passed as reported this bill, H. R. 5085 (pp. 4867-75). (For provisions of the bill see Digest 71). Sens. Hayden, Chavez, Kilgore, Magnuson, Holland, Clements, Russell, Mundt, Young, Knowland, Thyne, Dworshak, and Dirksen were appointed Senate conferees on this bill (p. 4874).
Sens. Stennis and others commended Forest Service items (pp. 4871-5).
9. PRICE SUPPORTS. Sen. Payne spoke against the restoration of rigid farm price supports, stated that the flexible price-support program should be given an adequate test before talking about repealing it, and inserted a New York Times editorial on this subject (pp. 4863-4).
10. FORESTRY. Passed without amendment H. R. 2679, to protect scenic values along Oak Creek Canyon in Coconino National Forest, Ariz. (p. 4883). This bill will now be sent to the President.
The Government Operations Committee reported with amendments S. 1006, to authorize reciprocal fire-protection agreements between departments and agencies of the U. S. and public or private organizations engaged in fire-fighting activities (S. Rept. 274) (p. 4859).
11. LANDS. Discussed and, at the request of Sen. Williams, passed over S. 748, to prohibit the U. S. from acquiring mineral interests in lands acquired by it except when necessary to serve the purpose for which such lands are acquired (pp. 4889-90).

House of Representatives

THURSDAY, MAY 5, 1955

The House met at 10 o'clock a. m.
The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, we are again coming unto Thee in the fellowship of prayer, we in our need of a greater and more courageous faith in Thy divine presence and power.

May we feel that there is a real and vital connection between our fortitude in the times of difficulties and the faith we carry in our hearts.

Help us to believe that new capacities and energies for victorious and joyous living will be awakened within us if we only have a stronger faith.

Grant that in each day we may have a larger experience of that faith in God and man and the triumph of righteousness which was regnant in the life of our blessed Lord.

Hear us in His name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 1. An act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD, Mr. GEORGE, Mr. KERR, Mr. MILLIKIN, and Mr. MARTIN of Pennsylvania to be the conferees on the part of the Senate.

The message also announced that the Vice President has appointed Mr. JOHNSON of South Carolina and Mr. CARLSON members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 55-15.

SUSPENSION OF CERTAIN IMPORT TAXES ON COPPER

Mr. COOPER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 5695) to continue until the close of June 30, 1958,

the suspension of certain import taxes on copper.

I may say that this request has been cleared with the leadership of the House and with the gentleman from Ohio [Mr. JENKINS]. The bill was unanimously reported out by the Committee on Ways and Means.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. JENKINS. Mr. Speaker, I reserve the right to object only to say this. This bill has been unanimously agreed upon by all members of the Committee on Ways and Means, on both sides. It is a very necessary bill and should be passed. This bill is identical with H. R. 3202 introduced by the gentleman from New York [Mr. REED]. To my knowledge, there is absolutely no objection to this legislation from any quarter. It is essential in order to maintain an adequate supply of copper within the United States. At the same time, it contains safeguards for the protection of our domestic copper industry.

The SPEAKER. Is there objection to the present consideration of the bill? There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to suspend certain import taxes on copper," approved May 22, 1951 (Public Law 38, 82d Cong.), as amended, is hereby further amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1958."

The bill was ordered to be engrossed and read a third time, and was read the third time, and passed, and a motion to reconsider was laid on the table.

(Mr. COOPER asked and was given permission to extend his remarks on H. R. 5695 at this point in the RECORD.)

Mr. COOPER. Mr. Speaker, H. R. 5695 would continue through June 30, 1958, the suspension of import taxes on copper and the copper content of ores, concentrates, and other articles. The present suspension of the import taxes terminates on June 30, 1955.

These import taxes have been suspended by the Congress continuously since April 30, 1947, except for a short period at the end of 1950 and the beginning of 1951. Although the import taxes on copper were suspended for the first time effective April 30, 1947, practically all of the imports of copper which were brought into this country during World War II were for the Government account, and therefore were admitted free of duty.

The principal items affected are refined copper and copper-bearing ores, which but for the suspension would be subject to an import tax of 2 cents per pound.

The basic law suspending the import taxes on copper is Public Law 38 of the 82d Congress. This law, which would be continued through June 30, 1958, by this bill, contains a provision whereby the President is required to revoke the suspension of the import taxes if the average price of electrolytic copper, delivered Connecticut Valley, for any calendar month falls below 24 cents per pound. This provision is designed to protect the domestic copper mining industry.

Our committee was advised that the domestic mining industry has no objection to the continuation of the suspension of import taxes provided in the bill. We were also advised that our requirements for imported copper are continually increasing. The United States has been consuming more than one-half of the total world consumption of copper in recent years, and for the last 3 years we have had to import over one-third of the copper which we have consumed.

The gentleman from New York [Mr. REED] has introduced a bill which is identical to this bill. The interested executive departments all supported the enactment of this legislation. The bill was reported unanimously by the Committee on Ways and Means.

Mr. Speaker, I ask unanimous consent that all Members of the House desiring to do so may extend their remarks on the bill just passed at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. METCALF. Mr. Speaker, I support H. R. 5695, to continue for 3 years, through June 30, 1958, the suspension of certain import taxes on copper, a strategic and critical material in both war and peace.

This tax of 4 cents per pound was first imposed in 1932 to protect the domestic copper industry. It was in effect suspended during the years of World War II, when practically all imports were for Government account and thus entered this country free of import duty.

Except for the period from July 1, 1950, to April 1, 1951, the import tax has been suspended continuously by Congress since April 30, 1947. As a result of concessions granted by the United States in the general agreements on tariffs and trade, this tax was cut in half effective March 16, 1949.

This suspension of the import tax will end automatically if the price of copper, now about 36 cents a pound, falls below 24 cents per pound—thus continuing a safeguard to our vital domestic copper mining industry.

The United States is at once the world's largest producer and consumer of cop-

per. Our demands are so large that more than one-third of our requirements in the past 3 years have been imported.

Last February 25, the Office of Defense Mobilization recognized a critical shortage and released 8,000 tons of copper that was under contract to the Government to be delivered to the stockpile. This was necessary to prevent a shutdown of factories and plants engaged in fabricating materials of copper.

Five executive departments—State, Commerce, Interior, Defense, and Treasury—have endorsed this bill. H. R. 5695 also has the approval of the Bureau of the Budget and the Tariff Commission. It was favorably reported by an unanimous vote of the members of the Committee on Ways and Means.

A continuation of the suspension of the tariff would be in the best interests of this Nation.

TO AMEND SECTION 401 (E) OF THE CIVIL AERONAUTICS ACT OF 1938, AS AMENDED

Mr. PRIEST submitted the following conference report and statement on the bill (H. R. 2225) to amend section 401 (e) of the Civil Aeronautics Act of 1938, as amended.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. No. 486)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2225) to amend section 401 (e) of the Civil Aeronautics Act of 1938, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That section 401 (e) of the Civil Aeronautics Act of 1938, as amended (49 U. S. C. 487 (e); 52 Stat. 987), is amended by adding at the end thereof the following:

"(3) If any applicant who makes application for a certificate within one hundred and twenty days after the date of enactment of this paragraph shall show that, from January 1, 1953, to the date of its application, it or its predecessor in interest, was an air carrier furnishing, within the continental limits of the United States, local or feeder service consisting of the carriage of persons, property and mail, under a temporary certificate of public convenience and necessity issued by the Civil Aeronautics Board, continuously operating as such (except as to interruptions of service over which the applicant or its predecessors in interest have no control) the Board, upon proof of such fact only, shall, unless the service rendered by such applicant during the period since its last certification has been inadequate and inefficient, issue a certificate or certificates of unlimited duration, authorizing such applicant to engage in air transportation between the terminal and intermediate points within the continental limits of the United States between which it, or its predecessor, so continuously operated between the date of enactment of this paragraph and the date of its application: *Provided*, That the Board in issuing the certificate is empowered to limit the duration of the certificate as to

not over one-half of the intermediate points named therein, which points it finds have generated insufficient traffic to warrant a finding that the public convenience and necessity requires permanent certification at such time."

And the Senate agree to the same.

That the Senate recede from its amendment to the title of the bill.

J. PERCY PRIEST,
OREN HARRIS,
JOHN BELL WILLIAMS,
CHAS. A. WOLVERTON,
CARL HINSHAW,

Managers on the Part of the House.

WARREN G. MAGNUSON,
MIKE MONRONEY,
ALAN BIBLE,
JOHN W. BRICKER,
FREDERICK G. PAYNE,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2225) to amend section 401 (e) of the Civil Aeronautics Act of 1938, as amended, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck out all after the enacting clause and inserted a substitute. The bill as agreed to in conference is a substitute for both the House bill and the Senate amendment, but, except for the points explained below, it is substantially the same as the bill the House passed.

Both the bill as it was passed by the House and the Senate amendment proposed to add to section 401 (e) of the Civil Aeronautics Act of 1938 a new paragraph providing for the issuance of certificates of public convenience and necessity, without limit as to the duration thereof, to certain air carriers which have been furnishing in the continental United States, under temporary certificates, local or feeder service consisting of the carriage of persons, property, and mail. In both the House bill and the Senate amendment it was provided that, to obtain a certificate, application must be made within 120 days after the date of the enactment of the new paragraph.

In each instance it was provided that the new certificates should be issued solely upon proof of the fact that the applicant, or its predecessor in interest, had engaged in such local or feeder service for a specified length of time. Under the House bill, the applicant would have had to show that it or its predecessor had been furnishing such service from the date of the enactment of the new paragraph until the date it applied for the new certificate, whereas under the Senate amendment the applicant would have had to make this showing with respect to the period from January 1, 1953, until the date of making application for the new certificate. On this point the substitute agreed to in conference follows the Senate amendment.

The carriers which will be eligible to receive certificates under the new paragraph, assuming that they otherwise comply with the provisions of the paragraph, are the 14 local-service carriers (or any successor in interest to any of them) which were referred to in the report of the House Committee on Interstate and Foreign Commerce filed with this legislation when it was favorably reported to the House.

During the consideration of this legislation by Congress the operating rights of 1 of the 14 local-service carriers above referred to were acquired by another carrier. As a result, the temporary certificate held by the local-service carrier was canceled and such

temporary certificate was reissued by the Civil Aeronautics Board to the acquiring carrier with exactly the same operating rights and restrictions. Had the local-service carrier continued to operate the route it would have received the benefits provided by this legislation, and it therefore should be clear, and it is the understanding of the committee of conference, that those benefits will inure to its successor in interest to which the temporary certificate was so reissued.

The Senate amendment contained the following proviso which did not appear in the bill as it passed the House: "*Provided*, That the Board in issuing the certificate is empowered to limit the duration of the certificate as to not over one-half of the intermediate points named therein, which points it finds have generated insufficient traffic to warrant a finding that the public convenience and necessity requires permanent certification at such time."

The proviso is included in the substitute as agreed to in conference.

It is appropriate to include a brief explanation of this proviso. It is the intent of the committee of conference to give to the Civil Aeronautics Board flexibility in choosing the intermediate points which, under this proviso, may be given certificates of limited duration. Thus, while it is the general intent that the Board may limit the duration of the certificate as to not over half of the intermediate points on each segment, there may be occasional instances where they are only 2 or 3 intermediates and it is desirable to limit the duration as to both, or as to 2 out of 3. In other words, the rule does not rigidly apply to each segment, but it is not to be given such flexible application as to distort a whole geographical area of a local service system into a whole structure of nonstop segments.

The Senate also amended the title of the bill. On this amendment the Senate recedes.

J. PERCY PRIEST,
OREN HARRIS,
JOHN BELL WILLIAMS,
CHAS. A. WOLVERTON,
CARL HINSHAW,

Managers on the Part of the House.

TRADE AGREEMENTS EXTENSION ACT OF 1955

Mr. COOPER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. COOPER, DINGELL, MILLS, JENKINS, and SIMPSON of Pennsylvania.

CALL OF THE HOUSE

Mr. COOLEY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.



Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 8, 1955
For actions of June 7, 1955
84th-1st, No. 94

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HIGHLIGHTS: Senate passed housing bill. House passed bill to give CEA subpoena power, and a measure for USDA study of tobacco controls. Both are ready for President. House passed bill to prohibit USDA prediction of apple prices.

HOUSE

1. POSTAL PAY. Passed with amendments S. 2061, which would increase the basic rate of compensation for certain field employees of the Post Office Department (pp. 6614-36).
2. CEA. Passed without amendment S. 1398 (in lieu of H. R. 4514), to give subpoena powers to the Commodity Exchange Authority (p. 6640). This bill is now ready for the President.
3. LANDS. Passed without amendment S. 998 (in lieu of H. R. 1762), to transfer certain ARS lands to the city of Woodward, Okla (p. 6660). This bill is now ready for the President.
Passed without amendment S. 265, to amend the acts authorizing agricultural entries under the nonmineral land laws of certain mineral lands in order to increase the limitation with respect to desert entries made under such acts to 320 acres (p. 6645). This bill is now ready for the President.
Passed without amendment H. R. 4894, which would repeal certain obsolete laws relating to disposals of land under the timber and stone laws (p. 6645).
The Committee on Interior and Insular Affairs ordered re-referred to the Subcommittee on Public Lands S. 1529, to extend the boundaries of the Theodore Roosevelt Memorial Park, N. Dak. (p. D518).
4. TOBACCO. Passed without amendment S. J. Res. 60, to authorize a study and report by the Secretary of Agriculture on burley tobacco marketing controls (p. 6642). This measure is now ready for the President.

5. APPLES. Passed as reported H. R. 5188, which would prohibit publication by the USDA of any prediction with respect to apple prices (p. 6642).
6. WATER COMPACTS. Passed with amendments H. R. 3587, which would authorize the negotiation of a compact between Oregon and California for the use of waters of the Klamath River (p. 6649).
7. TRADE. The Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and the House-passed versions of H. R. 1, to extend the authority of the President to enter into trade agreements (p. D519).

SENATE

8. HOUSING. Passed, 60 to 25, with amendments S. 2126, the housing bill (pp. 6570-85, 6588-91, 6597-6608). Adopted a Sparkman amendment authorizing the farm housing loans to be made on an insured basis (pp. 6603-4).
Title VI of the bill provides as follows: Extends the existing program under Title V of the Housing Act of 1949 and retains the definition of a farm now included in that Act. Authorizes an additional \$100 million for farm loans authorized to be made on adequate farms, an additional \$2 million to permit the payment of annual contributions made in connection with loans on potentially adequate farms, and an additional \$10 million for special grants and loans required to make farm housing safe and sanitary. The new provisions also include a new insuring authority under title V of the Housing Act of 1949 and set the interest rate on insured loans at not to exceed $4\frac{1}{2}\%$.
Title V of the bill authorizes HEW to undertake a research program to determine the causes and effects of air pollution, to develop devices and industrial methods for preventing and eliminating air pollution, and to provide guidance and assistance to States and local communities to prevent and control air pollution. Authorizes HEW to enter into research contracts with, or make research grants to, State and local public agencies, and educational institutions, and to enter into arrangements with industries and private organizations for cooperative studies. Authorizes Housing and Home Finance Agency to provide financial assistance to business enterprises to purchase or construct equipment to reduce the amount of air pollution in the area where the equipment is installed.
9. FARM LOANS. Concurred in House amendments to S. 654, providing for additional direct loans for the purchase of farms by veterans under the Veterans' Readjustment Act (pp. 6587-8). This bill will now be sent to the President.
10. LANDS. The Interior and Insular Affairs Committee reported without amendment S. 1878, to amend the act authorizing the conveyance of certain ARS lands to Miles City, Mont., in order to extend for 5 years the authority under such act (S. Rept. 499) (p. 6561).
11. LABOR STANDARDS. The Labor and Public Welfare Committee reported without amendment an original bill, S. 2168, to amend the Fair Labor Standards Act of 1938, in order to increase the national minimum wage (S. Rept. 498) (pp. 6561, 6608).
12. POSTAL PAY. Concurred in House amendments to S. 2061, the postal pay bill (pp. 6585-7). This bill will now be sent to the President.
13. COPPER. Discussed H. R. 5695, to continue until June 30, 1958, the suspension of certain import taxes on copper (p. 6608). This bill was made the unfinished business (p. 6611).

Granted an open rule, providing for 2 hours of general debate, on H. R. 4663, the Trinity River division, Central Valley project, in California. Representatives Engle, Saylor, Miller of Nebraska, Moss, and Sisk spoke in support of the legislation, and Representative Scudder was opposed.

Also considered, but deferred action on, H. Res. 262, authorizing the Subcommittee on Printing to make studies and inquiries relative to unnecessary Federal printing and paperwork. Representatives Hays of Ohio and Schenck appeared on behalf of the study resolution.

VETERANS' RETIREMENTS

Committee on Veterans' Affairs: The Dorn (South Carolina) subcommittee approved for reporting to the full committee H. R. 5893, extending to veterans, with active service on and after January 27, 1950, and prior to February 1, 1955, certain pensions—also extended to dependents of veterans; and increasing from \$3,000 to \$10,000 the maximum amount that retired armed services' retirees may receive as combined retired pay and civilian or Federal office compensation.

GASOLINE-STATION OPERATIONS

Select Committee on Small Business: Subcommittee No. 5 held further public hearings in connection with

its study of alleged discriminatory and coercive practices by major oil companies against retail-gasoline-station operators. Officials of Penzoil of California who discussed the subject today were Lee Johnson, president, and Jack Beeman, assistant to the general sales manager. Adjourned subject to the call of the Chair.

Joint Committee Meetings

TRADE AGREEMENTS

Conferees, in executive session, agreed to file a conference report on the differences between the Senate- and House-passed versions of H. R. 1, to extend the authority of the President to enter into trade agreements. Following today's session, conferees announced the following:

Senate amendments on which the House conferees receded and concurred without amendment: Nos. 1-12, 14-17, and 19-27;

Senate amendments on which the House conferees receded and concurred with amendments: Nos. 13, 28, and 29; and

The Senate conferees receded from Senate amendment No. 18.

COMMITTEE MEETINGS FOR WEDNESDAY, JUNE 8

(All meetings are open unless otherwise designated)

Senate

Committee on Appropriations, on government and relief in occupied areas, 10:30 a. m., room F-37, Capitol; subcommittee, on H. R. 6239, D. C. appropriations, 2 p. m., room F-39, Capitol; subcommittee, executive, to mark up H. R. 6367, Commerce Department, 2 p. m., room F-82, Capitol; Subcommittee on Public Works, 9:30 a. m., room F-39, Capitol.

Committee on Armed Services, Subcommittee on Real Estate and Military Construction, on S. 1765, military construction, 10 a. m., 212 Senate Office Building.

Committee on Banking and Currency, Subcommittee on Securities, on nomination of Harold C. Patterson to be member of the SEC, 11 a. m., 301 Senate Office Building, and to continue on proxy contests, with William White, former president, New York Central RR., 2 p. m., 318 Senate Office Building.

Committee on the District of Columbia, Subcommittee on Business and Commerce, on S. 1057, D. C. banks, S. 48, regarding certain D. C. employees, and H. R. 6063, D. C. auto licenses, 10:30 a. m., room P-38, Capitol.

Committee on Finance, on H. R. 4904, to extend the Renegotiation Act of 1951 for 2 years, 10 a. m., 312 Senate Office Building.

Committee on Government Operations, Permanent Subcommittee on Investigations, on textile procurement by military department, 10 a. m., 357 Senate Office Building.

Committee on Interior and Insular Affairs, Subcommittee on Irrigation and Reclamation, executive, on S. 1333, Hells Canyon project, 10:30 a. m., 224 Senate Office Building.

Committee on Interstate and Foreign Commerce, executive, on committee business, 10:30 a. m., room G-16, Capitol.

Committee on the Judiciary, Refugees and Escapees Subcommittee, to hear Senator Lehman and Governor Williams, of

Michigan, on S. 1794, to amend the Refugee Relief Act, 9:30 a. m., 135 Senate Office Building; Subcommittee on Antitrust and Monopoly, 10 a. m., 424 Senate Office Building; subcommittee, on S. 1256, omnibus judgeship bill, 10:30 a. m., 155 Senate Office Building; Narcotics Subcommittee, on illicit narcotics traffic in U. S., 2 p. m., room P-38, Capitol.

Committee on Post Office and Civil Service, executive, on committee business, 2 p. m., room P-21, Capitol.

Committee on Public Works, executive, on S. 890, water pollution control, 10 a. m., 412 Senate Office Building.

House

Committee on Agriculture, Poage Subcommittee on Conservation and Credit on bills to provide that the Federal Government shall pay a portion of the costs of certain works of improvement constructed for purposes of water conservation, and other subjects, 10 a. m., 1310 New House Office Building.

Committee on Armed Services, on H. R. 5700, military public works bill, 10 a. m., executive, 313-A Old House Office Building.

Special Investigating Subcommittee on various reports, 9:30 a. m., executive, 304 Old House Office Building.

Committee on Banking and Currency, on H. R. 5827, Housing Amendments of 1955, representatives of the National Association of Real Estate Boards and Mortgage Bankers Association will be heard, 10 a. m., 1301 New House Office Building.

Committee on the District of Columbia, Davis (Georgia) subcommittee on H. R. 6585, relating to insanity in criminal proceedings, 10 a. m., 445 Old House Office Building.

Committee on Education and Labor, on minimum wage bills, Under Secretary Arthur Larson and Solicitor Stuart Rothman, Labor Department, will be heard further, 10 a. m., 429 Old House Office Building.

Committee on Foreign Affairs, to hear Harold Stassen, Director, Foreign Operations Administration, on draft bill to amend the Mutual Security Act of 1954, 10 a. m., G-3, Capitol.

Committee on Government Operations, on pending bills, 10 a. m., executive, 1501 New House Office Building.

Subcommittee on Special Government Activities on pending bills, 10:45 a. m., 1501 New House Office Building.

Subcommittee on Public Works and Resources to study certain power activities of the Department of the Interior, 11 a. m., caucus room, Old House Office Building.

Committee on Interior and Insular Affairs, Aspinall subcommittee on upper Colorado River storage projects, 10 a. m., executive, 1324 New House Office Building.

Committee on Interstate and Foreign Commerce, to resume on H. R. 4560 and 4675, and related bills, to amend the Natural Gas Act, executive, 10 a. m., 1334 New House Office Building.

Committee on the Judiciary, Subcommittee on Antitrust Problems, 10 a. m., 346 Old House Office Building.

Subcommittee No. 2, on H. R. 4045, to provide for settlement of claims for damages resulting from the disaster which occurred at Texas City, Tex., 10 a. m., 327 Old House Office Building.

Committee on Post Office and Civil Service, to consider classified employees pay-increase bill, executive, 10 a. m., 213 Old House Office Building.

Committee on Public Works, on H. R. 5706 and other pending bills on the Niagara Falls and River power development project. Government witnesses and authors of bills will be heard, 10 a. m., 1302 New House Office Building.

Hardy Select Committee on Survivors Benefits, to hear Rowland R. Hughes, Director of the Budget, and other Government witnesses on the proposed bill, 10 a. m., 356 Old House Office Building.

Joint Committee

Joint Committee on Atomic Energy, Subcommittee on Military Applications, executive, on continental defense planning, 2 p. m., room F-88, Capitol; Subcommittee on Agreements for Cooperation, executive, on Turkish agreement for cooperation, 2:30 p. m., 154 Senate Office Building.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 10, 1955

For actions of June 9, 1955

84th-1st, No. 96

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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HIGHLIGHTS: House received conference report on trade agreements bill.

HOUSE

1. FORESTS. Rep. Ellsworth explained that "Red Hat Day" in Oregon, sponsored by agriculture, industry, and civic groups, was a program designed to promote greater interest in conservation and utilization of forests and wildlife (p. 6753).
2. RECLAMATION. Agreed to a resolution for consideration of H. R. 4663, which would authorize the Secretary of Interior to construct, operate, and maintain the Trinity River division, Central Valley project in California (pp. 6760-1).
3. FOREIGN TRADE. Received conference report (H. Rept. 745) on H. R. 1, to extend the authority of the President to enter into trade agreements with other nations (pp. 6763-4).
4. IMMIGRATION. Rep. Walter inserted a statement of C. Anderson, American Legion, opposed to certain provisions of proposed bills to amend the Refugee Relief Act of 1953 (pp. 6764-7).
5. LANDS. The Subcommittee on Conservation and Credit ordered favorably reported with amendments H. R. 4342 to the Committee on Agriculture. This bill would direct the Secretary of Agriculture to convey certain lands to Clemson Agricultural College. (p. D532.)
6. LEGISLATIVE PROGRAM. The Majority Leader scheduled consideration of H. R. 6227, the bank holding company bill, on Mon. and Tues.; the conference report on H. R. 1, the trade agreements extension bill on Tues.; and the public works appropriation bill for 1956 and H. R. 4663, the Trinity River project, on Wed., Thurs., and Fri. (p. 6760).
7. ADJOURNED until Mon., June 13 (p. 6760).

BILLS INTRODUCED

8. MARKETING. H. R. 6744, by Rep. Cooley, to amend the act known as the Agricultural Marketing Act of 1946, approved August 14, 1946; to Agriculture Committee (p. 6782).
9. RECLAMATION. H. R. 6746, by Rep. Johnson, Calif., to authorize the Secretary of the Interior to construct, operate, and maintain the Folsom south unit, American River division, Central Valley project, in California; to Interior and Insular Affairs Committee (p. 6782).

ITEMS IN APPENDIX

10. RECLAMATION; ELECTRIFICATION. Rep. Coon, Ore., inserted a newspaper editorial supporting his bill for the construction of the John Day Dam on the Columbia River and noting the unanimous support of this bill by the Gresham, Ore., Chamber of Commerce (p. A4106).
Extension of remarks by Rep. Saylor, Pa., opposing the proposed Echo Park Dam in the upper Colorado River project on account of his belief that it would destroy the scenic values of Dinosaur National Monument (p. A4134).
Rep. Rogers, Tex., in a commencement address at Oklahoma City University, Okla., discussed the progress of this country in the past two decades, mentioning in this connection progress in the fields of reclamation and electrification (pp. 4103-5).
11. FLOOD CONTROL. Rep. Brooks, La., inserted a speech by Rep. Willis, La., before the National Rivers and Harbors Congress outlining current plans for flood control on the Lower Mississippi River (pp. A4133-4).
12. SUGAR. Rep. Boggs, La., inserted the speech of Rep. Willis before the Sugar Club of New York favoring larger sugar quotas for the United States and its territories and possessions (pp. A4106-8).
13. ROADS. Rep. Griffiths, Mich., inserted a Saturday Evening Post article urging a pay-as-you-go policy for new road construction by the imposition of higher gasoline taxes, as opposed to the Administration plan of financing by long-term bond issues (pp. A4115-6).
14. LABOR STANDARDS. Rep. Lane, Mass., quoted an AFL letter urging that the provisions of the Davis-Bacon Act prohibiting the importation of cheap labor on construction projects be applied to highway construction, with special reference to the pending road bill. This letter also points out that national minimum wage legislation now being considered does not cover highway construction workers. (pp. A4120-2.)
15. REORGANIZATION. Rep. Scudder inserted a Petaluma, Calif., Argus-Courier article endorsing functions of the Hoover Commission as "waging a war primarily on waste in Government" (p. A4126).
16. COTTON. Rep. Gathings inserted Lloyd Godley's summary and analysis of the Senate Agriculture and Forestry Committee's report, "Disposal of Agricultural Surpluses - Cotton" (pp. A4123-4).
17. NATURAL RESOURCES. Rep. Brooks inserted Sen. Ellender's speech before the National Rivers and Harbors Congress discussing the conservation and development of our land and water resources, and criticizing appropriations for foreign aid at the expense of reducing soil conservation programs (pp. A4138-40).

TRADE AGREEMENTS EXTENSION ACT OF 1955

JUNE 9, 1955.—Ordered to be printed

Mr. COOPER, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 1]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 18.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, and 27, and agree to the same.

Amendment numbered 13:

That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment, and in the House engrossed bill—

On page 7, line 17, after "If" insert: (*in order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955*)

On page 7, line 20, strike out "(D) or (E)" and insert: (C) or (D)

On page 8, line 5, strike out "effect" and insert: *equivalent*

On page 8, line 6, strike out "(iii)" and insert: (*iv*)

And the Senate agree to the same.

Amendment numbered 28:

That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 6. (a) Subsection (b) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (b)), is amended by adding at the end thereof the following: "Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed substantially towards causing or threatening serious injury to such industry."

(b) Section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is amended by adding at the end thereof the following new subsection:

"(e) As used in this Act, the terms 'domestic industry producing like or directly competitive products' and 'domestic industry producing like or directly competitive articles' mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities. In applying the preceding sentence, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentence from the operations of such organizations involving other products or articles."

And the Senate agree to the same.

Amendment numbered 29:

That the House recede from its disagreement to the amendment of the Senate numbered 29 and agree to the same with an amendment as follows:

On page 6 of the Senate engrossed amendments, lines 7 and 8, strike out "the existence of such facts" and insert in lieu thereof *that the article is being imported into the United States in such quantities as to threaten to impair the national security*

And the Senate agree to the same.

JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,

Managers on the Part of the House.

HARRY F. BYRD,
WALTER F. GEORGE,
By Harry F. Byrd

ROBT. S. KERR,
E. D. MILLIKIN,
EDWARD MARTIN,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: Section 350 of the Tariff Act of 1930 authorizes the President to enter into foreign trade agreements with foreign governments or instrumentalities thereof. The House bill added language to section 350 specifically stating that this authority is authority to enter into agreements containing provisions with respect to international trade, including provisions relating to tariffs, to most-favored-nation standards and other standards of nondiscriminatory treatment affecting such trade, to quantitative import and export restrictions, to customs formalities, and to other matters relating to such trade designed to promote the purpose of section 350 similar to any of the foregoing, provided that no such provision shall be given effect in the United States in a manner inconsistent with existing legislation of the United States. The Senate amendment struck out the language added by the House bill. The House recedes.

Amendment No. 2: This is a conforming amendment. The House recedes.

Amendment No. 3: The House bill provided that the enactment of the bill shall not be construed to determine or indicate the approval or disapproval by the Congress of organizational provisions of any foreign trade agreement entered into under section 350. The Senate amendment provided that the enactment of the bill shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade. The House recedes.

Amendments Nos. 4 and 9: In the case of a trade agreement entered into under the existing provisions of section 350 of the Tariff Act of 1930, any rate of duty may be decreased to a rate not lower than 50 percent below the rate existing on January 1, 1945. Subparagraph (C) of section 350 (a) (2), as contained in the House bill, continued this authority for agreements entered into before June 12, 1955.

Subparagraph (E) of section 350 (a) (2), as contained in the House bill, applied only with respect to a foreign trade agreement entered into by the President on or after June 12, 1955, to which the Government of Japan is a party and with respect to which notice of intention to negotiate was published on November 16, 1954 (19 F. R. 7379). In the case of such an agreement, if the President determines that such decrease is necessary in order to provide expanding export markets for products of Japan (including such markets in third countries), this subparagraph authorized a decrease in a rate of duty to a rate not lower than 50 percent below the rate existing on January 1, 1945.

Senate amendment No. 9 struck out subparagraph (E). However, Senate amendment No. 4 added to subparagraph (C) authority to decrease any rate of duty to a rate not lower than 50 percent below the rate existing on January 1, 1945, to carry out the foreign trade agreement involving Japan. The House recedes on amendments Nos. 4 and 9.

Amendment No. 5: This is a clerical amendment. The House recedes.

Amendment Nos. 6, 7, and 8: Subparagraph (D) of section 350 (a) (2) of the Tariff Act of 1930, as amended by the House bill, fixed maximum limits on decreases in rates of duty which may be made to carry out trade agreements (other than the agreement involving Japan) entered into on or after June 12, 1955. A rate of duty could be reduced under the three alternative methods provided in clauses (i), (ii), and (iii).

Clause (i) authorized decreases in any rate to 15 percent below the rate existing on July 1, 1955. Senate amendment No. 6 changed the July 1, 1955, date to January 1, 1955. The House recedes.

Clause (ii) authorized decreases in any rate to 50 percent of the rate existing on January 1, 1945, on products which are normally not imported into the United States or which are normally imported in negligible quantities. Senate amendment No. 7 eliminated this authority. The House recedes.

Clause (iii) authorized decreases in rates of duty which are higher than 50 percent ad valorem (or equivalent) to 50 percent ad valorem (or equivalent). Senate amendment No. 8 redesignated clause (iii) as clause (ii). The House recedes.

Amendment No. 9: For explanation of the effect of this amendment, see explanation of amendment No. 4.

Amendment No. 10: This is a clerical amendment. The House recedes.

Amendments Nos. 11 and 12: These amendments conform the bill to the change in dates made by amendment No. 6. The House recedes.

Amendment No. 13: Subparagraph (D) of section 350 (a) (3) of the Tariff Act of 1930, as contained in the House bill, authorized the President in making changes in rates under the section to round out rates of duty within the limits specified in the bill. Senate amendment No. 13 struck out this provision. The House recedes with technical and conforming changes.

Amendment No. 14: The House bill contained a provision requiring the President, in exercising his authority under section 350 of the Tariff Act of 1930, to avoid, to the maximum extent he deems practicable and consistent with the purpose of section 350, the subdivision of classification categories. Senate amendment No. 14 struck out this provision. The House recedes.

Amendments Nos. 15, 16, and 17: These are clerical amendments. The House recedes.

Amendment No. 18: This is a clerical amendment. The Senate recedes.

Amendments Nos. 19 and 20: These are clerical amendments. The House recedes.

Amendment No. 21: This amendment conforms the bill to the change in dates made by amendment No. 6. The House recedes.

Amendment No. 22: This is a clerical amendment. The House recedes.

Amendment No. 23: Subparagraph (C) of section 350 (c) (2), as contained in the House bill, provided that if the trade agreement involving Japan was entered into before July 1, 1955, the rate of duty on any article included in such agreement was (for purposes of the provisions relating to the 15-percent decrease authority) to be considered to be the rate "existing on July 1, 1955". The Senate amendment struck out this provision. The House recedes.

Amendments Nos. 24 and 25: These are clerical amendments. The House recedes.

Amendment No. 26: This amendment added a provision to section 350 (e) of the Tariff Act of 1930 requiring the Tariff Commission to continue to make the report to Congress on the operation of the trade agreements program which is now being made under Executive order. The House recedes.

Amendment No. 27: The last sentence of section 7 (a) of the Trade Agreements Extension Act of 1951 (which relates to escape clause proceedings) now provides that the Tariff Commission shall transmit to the Committee on Finance of the Senate, and to the Committee on Ways and Means of the House of Representatives, an exact copy of its report and recommendations to the President. Such copy is to be transmitted within 60 days (or sooner if the President has taken action under sec. 7 (c) of such act).

This amendment replaced the last sentence of section 7 (a) of such act. Under the amendment the Tariff Commission is required to make public immediately its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and to cause a summary thereof to be published in the Federal Register. The House recedes.

Amendment No. 28: This amendment adds a new section 6 to the bill.

Subsection (a) of the new section 6 amended section 7 (b) of the Trade Agreements Extension Act of 1951 by adding the following:

Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

Under the conference agreement the words "contributed materially to the serious injury or the threat of serious injury to such industry" are replaced by the words "contributed substantially towards causing or threatening serious injury to such industry".

It is the consensus of all the conferees on the part of both the House and the Senate that, for purposes of the language added to section 7 (b) of the Trade Agreements Extension Act of 1951 by this amendment, increases in imports are not to be set apart from other relevant factors and dealt with on an exclusive basis. The Tariff Commission must look at all the factors listed in the first sentence of section 7 (b) of such act, and at all other relevant factors, and (in order that the amendment may apply) must find (1) that imports (either actual or relative) have increased as a result, in whole or in part, of the duty or other customs treatment reflecting the trade agreement concession; (2) that there has been serious injury or threat

of serious injury to the domestic industry; and (3) that the increased imports have contributed substantially toward causing or threatening the serious injury.

Subsection (b) of the new section 6 added by Senate amendment No. 28 related to the definition of the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" for purposes of the "peril point" and "escape clause" provisions.

Under the first part of the definition, as contained in the Senate amendment, these two terms were defined to mean—

that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles.

Under the conference agreement this language is retained but with the requirement that the production be in commercial quantities.

The second part of the definition, as contained in the Senate amendment, would have included within the definition of the two terms provisions relating to the production of raw materials or other components of such competitive products or articles. The conference agreement eliminates this part of the definition.

The conference agreement also replaces the last sentence contained in the Senate amendment with a sentence providing that in applying the defined terms, the Tariff Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles from the operations of such organizations involving other products or articles.

Although the amendment uses the plural in referring to "producing organizations", the provisions of this amendment are equally applicable with respect to any industry for which there is only one producing organization.

Amendment No. 29: This amendment added a new subsection to section 2 of the act of July 1, 1954 (which act provided a 1-year extension of the sec. 350 authority), reading as follows:

(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.

The House recedes with a clarifying amendment striking out "the existence of such facts" in the second sentence and inserting "that the article is being imported into the United States in such quantities as to threaten to impair the national security".

In connection with amendment No. 29, it is the understanding of all the conferees, both House and Senate, that it is not intended to, and does not, diminish or impair any authority the President may have under other law. For example, it was emphasized that if the President sees fit to stockpile critical materials under any other law, that action may be taken wholly aside from the authority contained in this amendment. Conversely, action under the new provision may

be taken wholly aside from the authority contained in any other law.

It is also the understanding of all the conferees that the authority granted to the President under this provision is a continuing authority and that prior action taken under this provision may be modified, suspended, or terminated in the light of changed circumstances.

JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,
Managers on the Part of the House.

○

When the American industry is obviously suffering, it seems less than wise to confirm or extend benefits to competition.

Frozen tuna went on the free list before modern techniques of refrigeration made it important. Last year, though, 82,500,000 pounds of frozen tuna came into California ports, four-fifths of it from Japan. Even more is expected this year.

As to canned tuna imports, Japan sends 95 percent of them. South American sources don't pose the greatest threat, and the Latin fisherman are nearer those of the United States in costs, while Japanese wages and other expenses are far lower.

New methods and new situations require new treatment. The sanest plan would appear to be full review of the whole affair, and an attempt by the United States and Japan to negotiate agreements, perhaps setting quotas, that would give all concerned fair shares and proper opportunities.

PUBLIC WORKS APPROPRIATION BILL, 1956

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations have until midnight tomorrow night to file a report on the public works appropriation bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

Mr. GROSS. Mr. Speaker, reserving the right to object, and I shall not object, can the gentleman from Missouri tell us when he expects to ask for conferees on the State and Justice Department bill.

Mr. CANNON. At the earliest convenience of the subcommittee.

Mr. GROSS. Would that be next week or this week?

Mr. CANNON. It has not yet been determined when the request will be made.

Mr. GROSS. My understanding is that the other body has appointed some 16 conferees. I assume the House will appoint an equal number. I assume also that there is some unusual reason for 16 conferees being appointed by the other body, and it would seem to me that 32 conferees on that bill would constitute a convention rather than a conference committee. I should like to know from the gentleman, if he can possibly tell us, when he proposes to ask for the appointment of conferees.

Mr. CANNON. I can assure the gentleman that that will be done at the earliest date compatible with orderly procedure.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. DAVIS of Wisconsin reserved all points of order on the bill.

TRADE AGREEMENTS EXTENSION ACT OF 1955

Mr. COOPER submitted the following conference report and statement on the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 745)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 18.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 19, 20, 21, 22, 23, 24, 25, 26, and 27, and agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: Restore the matter proposed to be stricken out by the Senate amendment, and in the House engrossed bill—

On page 7, line 17, after "If" insert "(in order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955)".

On page 7, line 20, strike out "(D) or (E)" and insert "(C) or (D)".

On page 8, line 5, strike out "effect" and insert "equivalent".

On page 8, line 6, strike out "(iii)" and insert "(ii)".

And the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 6. (a) Subsection (b) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (b)), is amended by adding at the end thereof the following: 'Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed substantially towards causing or threatening serious injury to such industry.'"

"(b) Section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is amended by adding at the end thereof the following new subsection:

"(c) As used in this Act, the terms 'domestic industry producing like or directly competitive products' and 'domestic industry producing like or directly competitive articles' mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities. In applying the preceding sentence, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentence from the operations of such organizations involving other products or articles."

And the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29 and agree to the same with an amendment as follows:

On page 6 of the Senate engrossed amendments, lines 7 and 8, strike out "the existence of such facts" and insert in lieu thereof "that the article is being imported into

the United States in such quantities as to threaten to impair the national security". And the Senate agree to the same.

JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,

Managers on the Part of the House.

HARRY F. BYRD,
WALTER F. GEORGE,
By HARRY F. BYRD
ROBT. S. KERR,
E. D. MILLIKIN,
EDWARD MARTIN,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: Section 350 of the Tariff Act of 1930 authorizes the President to enter into foreign trade agreements with foreign governments or instrumentalities thereof. The House bill added language to section 350 specifically stating that this authority is authority to enter into agreements containing provisions with respect to international trade, including provisions relating to tariffs, to most-favored-nation standards and other standards of nondiscriminatory treatment affecting such trade, to quantitative import and export restrictions, to customs formalities, and to other matters relating to such trade designed to promote the purpose of section 350 similar to any of the foregoing, provided that no such provision shall be given effect in the United States in a manner inconsistent with existing legislation of the United States. The Senate amendment struck out the language added by the House bill. The House recedes.

Amendment No. 2: This is a conforming amendment. The House recedes.

Amendment No. 3: The House bill provided that the enactment of the bill shall not be construed to determine or indicate the approval or disapproval by the Congress of organizational provisions of any foreign trade agreement entered into under section 350. The Senate amendment provided that the enactment of the bill shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade. The House recedes.

Amendments Nos. 4 and 9: In the case of a trade agreement entered into under the existing provisions of section 350 of the Tariff Act of 1930, any rate of duty may be decreased to a rate not lower than 50 percent below the rate existing on January 1, 1945. Subparagraph (c) of section 350 (a) (2), as contained in the House bill, continued this authority for agreements entered into before June 12, 1955.

Subparagraph (e) of section 350 (a) (2), as contained in the House bill, applied only with respect to a foreign trade agreement entered into by the President on or after June 12, 1955, to which the Government of Japan is a party and with respect to which notice of intention to negotiate was published on November 16, 1954 (19 F. R. 7379). In the case of such an agreement, if the President determines that such decrease is

necessary in order to provide expanding export markets for products of Japan (including such markets in third countries), this subparagraph authorized a decrease in a rate of duty to a rate not lower than 50 percent below the rate existing on January 1, 1945.

Senate amendment No. 9 struck out subparagraph (e). However, Senate amendment No. 4 added to subparagraph (c) authority to decrease any rate of duty to a rate not lower than 50 percent below the rate existing on January 1, 1945, to carry out the foreign-trade agreement involving Japan. The House recedes on amendments Nos. 4 and 9.

Amendment No. 5: This is a clerical amendment. The House recedes.

Amendment Nos. 6, 7, and 8: Subparagraph (D) of section 350 (a) (2) of the Tariff Act of 1930, as amended by the House bill, fixed maximum limits on decreases in rates of duty which may be made to carry out trade agreements (other than the agreement involving Japan) entered into on or after June 12, 1955. A rate of duty could be reduced under the three alternative methods provided in clauses (i), (ii), and (iii).

Clause (i) authorized decreases in any rate to 15 percent below the rate existing on July 1, 1955. Senate amendment No. 6 changed the July 1, 1955, date to January 1, 1955. The House recedes.

Clause (ii) authorized decreases in any rate to 50 percent of the rate existing on January 1, 1945, on products which are normally not imported into the United States or which are normally imported in negligible quantities. Senate amendment No. 7 eliminated this authority. The House recedes.

Clause (iii) authorized decreases in rates of duty which are higher than 50 percent ad valorem (or equivalent) to 50 percent ad valorem (or equivalent). Senate amendment No. 8 redesignated clause (iii) as clause (ii). The House recedes.

Amendment No. 9: For explanation of the effect of this amendment, see explanation of amendment No. 4.

Amendment No. 10: This is a clerical amendment. The House recedes.

Amendments Nos. 11 and 12: These amendments conform the bill to the change in dates made by amendment No. 6. The House recedes.

Amendment No. 13: Subparagraph (D) of section 350 (a) (3) of the Tariff Act of 1930, as contained in the House bill, authorized the President in making changes in rates under the section to round out rates of duty within the limits specified in the bill. Senate amendment No. 13 struck out this provision. The House recedes with technical and conforming changes.

Amendment No. 14: The House bill contained a provision requiring the President, in exercising his authority under section 350 of the Tariff Act of 1930, to avoid, to the maximum extent he deems practicable and consistent with the purpose of section 350, the subdivision of classification categories. Senate amendment No. 14 struck out this provision. The House recedes.

Amendments Nos. 15, 16, and 17: These are clerical amendments. The House recedes.

Amendment No. 18: This is a clerical amendment. The Senate recedes.

Amendments Nos. 19 and 20: These are clerical amendments. The House recedes.

Amendment No. 21: This amendment conforms the bill to the change in dates made by amendment No. 6. The House recedes.

Amendment No. 22: This is a clerical amendment. The House recedes.

Amendment No. 23: Subparagraph (C) of section 350 (c) (2), as contained in the House bill, provided that if the trade agreement involving Japan was entered into before July 1, 1955, the rate of duty on any article included in such agreement was (for

purposes of the provisions relating to the 15-percent decrease authority) to be considered to be the rate "existing on July 1, 1955." The Senate amendment struck out this provision. The House recedes.

Amendments Nos. 24 and 25: These are clerical amendments. The House recedes.

Amendment No. 26: This amendment added a provision to section 350 (e) of the Tariff Act of 1930 requiring the Tariff Commission to continue to make the report to Congress on the operation of the trade agreements program which is now being made under executive order. The House recedes.

Amendment No. 27: The last sentence of section 7 (a) of the Trade Agreements Extension Act of 1951 (which relates to escape clause proceedings) now provides that the Tariff Commission shall transmit to the Committee on Finance of the Senate, and to the Committee on Ways and Means of the House of Representatives, an exact copy of its report and recommendations to the President. Such copy is to be transmitted within 60 days (or sooner if the President has taken action under section 7 (c) of such act).

This amendment replaced the last sentence of section 7 (a) of such act. Under the amendment the Tariff Commission is required to make public immediately its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and to cause a summary thereof to be published in the Federal Register. The House recedes.

Amendment No. 28: This amendment adds a new section 6 to the bill.

Subsection (a) of the new section 6 amended section 7 (b) of the Trade Agreements Extension Act of 1951 by adding the following: "Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry."

Under the conference agreement the words "contributed materially to the serious injury or the threat of serious injury to such industry" are replaced by the words "contributed substantially toward causing or threatening serious injury to such industry."

It is the consensus of all the conferees on the part of both the House and the Senate that, for purposes of the language added to section 7 (b) of the Trade Agreements Extension Act of 1951 by this amendment, increases in imports are not to be set apart from other relevant factors and dealt with on an exclusive basis. The Tariff Commission must look at all the factors listed in the first sentence of section 7 (b) of such act, and at all other relevant factors, and (in order that the amendment may apply) must find (1) that imports (either actual or relative) have increased as a result, in whole or in part, of the duty or other customs treatment reflecting the trade agreement concession, (2) that there has been serious injury or threat of serious injury to the domestic industry, and (3) that the increased imports have contributed substantially toward causing or threatening the serious injury.

Subsection (b) of the new section 6 added by Senate amendment numbered 28 related to the definition of the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" for purposes of the "peril point" and "escape clause" provisions.

Under the first part of the definition, as contained in the Senate amendment, these two terms were defined to mean "that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products

or articles." Under the conference agreement this language is retained but with the requirement that the production be in commercial quantities.

The second part of the definition, as contained in the Senate amendment, would have included within the definition of the two terms provisions relating to the production of raw materials or other components of such competitive products or articles. The conference agreement eliminates this part of the definition.

The conference agreement also replaces the last sentence contained in the Senate amendment with a sentence providing that in applying the defined terms, the Tariff Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles from the operations of such organizations involving other products or articles.

Although the amendment uses the plural in referring to "producing organizations," the provisions of this amendment are equally applicable with respect to any industry for which there is only one producing organization.

Amendment No. 29: This amendment added a new subsection to section 2 of the act of July 1, 1954 (which act provided a one-year extension of the section 350 authority), reading as follows:

"(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security."

The House recedes with a clarifying amendment striking out "the existence of such facts" in the second sentence and inserting "that the article is being imported into the United States in such quantities as to threaten to impair the national security."

In connection with amendment No. 29, it is the understanding of all the conferees, both House and Senate, that it is not intended to, and does not, diminish or impair any authority the President may have under other law. For example, it was emphasized that if the President sees fit to stockpile critical materials under any other law, that action may be taken wholly aside from the authority contained in this amendment. Conversely, action under the new provision may be taken wholly aside from the authority contained in any other law.

It is also the understanding of all the conferees that the authority granted to the President under this provision is a continuing authority and that prior action taken under this provision may be modified, suspended, or terminated in the light of changed circumstances.

JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,

Managers on the Part of the House.

REFUGEE RELIEF ACT OF 1953

(Mr. WALTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks at this point in the Record and

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

Issued June 15, 1955

For actions of June 14, 1955

84th-1st, No. 99

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HIGHLIGHTS: See page 5.

HOUSE

1. TRADE AGREEMENTS. Agreed to the conference report on H. R. 1, to extend the President's authority to enter into trade agreements (pp. 6941-58). The conferees agreed to a threeyear extension of the act with modifications.
2. TOBACCO. Both Houses agreed to a resolution requesting that the enrolled S. J. Res. 60, which would authorize a study of burley tobacco marketing controls, be returned to the Senate, and changing the due date of the USDA report from July 1 to November 1, 1955 (p. 6958). The amended measure will now be sent to the President.
3. FORESTS. The Rules Committee reported a resolution, which would call for consideration of H. R. 5891, to amend the mining laws to provide for multiple use of the surface of the same tracts of public lands (p. 6978).
The Interior and Insular Affairs Committee reported without amendment (H. Rept. 786) H. R. 4664, which would authorize the Secretary of Interior to acquire certain rights-of-way and timber access roads (p. 6990).
4. APPROPRIATIONS. The Rules Committee reported a resolution waiving points of order against H. R. 6766, making appropriations for certain public works projects (pp. 6990-1).

SENATE

5. COMMERCE AND RELATED AGENCIES APPROPRIATION BILL, 1956. Began debate on this bill, H. R. 6367 (pp. 6898-6923, 6927-30).
The Senate committee increased forest highways to the budget estimate of \$25,000,000, which was \$6,500,000 more than the House figure. The committee made no change in the House figure of \$5,500,000 for completion of the census of agriculture, which was \$500,000 less than the budget estimate.

The committee report includes the following statement: "It is the sense of the committee that the extension of agriculture frost-warning service is to be encouraged wherever communities or local associations of agricultural producers provide required supporting funds. In the case of Maricopa County, Ariz., \$10,000 is provided within the amount allowed for the provision of such a service."

6. DEFENSE DEPARTMENT APPROPRIATION BILL, 1956. The Appropriations Committee reported with amendments this bill, H. R. 6042 (S. Rept. 545) (p. 6864).
7. GENERAL GOVERNMENT MATTERS APPROPRIATION BILL, 1956. The Appropriation subcommittee ordered favorably reported to the full committee with amendments this bill, H. R. 6499 (p. D548-9).
8. ORGANIZATION; PROPERTY MANAGEMENT. Received from the Hoover Commission a report on real property management; to Government Operations Committee (p. 6860).
9. WATER COMPACT. The Public Works Committee reported without amendment H. R. 208, providing for a water compact between Ark. and Okla. (S. Rept. 539) (p. 6864).
10. ROADS. The Public Works Committee reported with amendment H. R. 5923, to authorize certain sums to be appropriated for the completion of the construction of the Inter-American Highway (S. Rept. 542) (p. 6864).
11. WATER POLLUTION. The Public Works Committee reported with amendments S. 890, to extend and strengthen the Water Pollution Control Act (S. Rept. 543) (p. 6864).
12. SELECTIVE SERVICE. The Armed Services Committee reported with amendments H. R. 3005, to extend selective service for 4 years until July 1, 1959 (S. Rept. 549) (p. 6864).
13. PUBLIC DEBT. Sen. Martin, Pa., discussed the increase in public and private debt and stated that "Government, at all levels, should balance the budget" (p. 6882).
14. WATER SHORTAGES. Sen. Bennett discussed the problems of water shortages and inserted a Washington Sunday Star editorial, "Water, Water Everywhere, But U. S. May Be Facing Catastrophic Shortage" (pp. 6882-3).
15. ELECTRIFICATION. Sen. Neuberger discussed the concern being expressed over the decision of the Supreme Court in the case of the Federal Power Commission against Oregon and inserted newspaper articles on this subject (pp. 6883-5).
Sen. Lehman inserted his testimony in favor of Niagara power project legislation (pp. 6930-4).
16. PERSONNEL. Discussed and passed over S. 1041, to provide for the inclusion in the computation of accredited service, under the Civil Service Retirement Act, of certain periods of service rendered States or instrumentalities of States. Sen. Purtell stated he did not think it proper business to consider this bill on call of the calendar in view of the fact that the Civil Service Commission and the Bureau of the Budget have expressed opposition to the bill (p. 6897).
The Post Office and Civil Service Committee ordered favorably reported without amendment S. 59, to make April 1, 1948 the effective date for survivorship benefits to widowers, and S. 1849, to provide for the grant of career-conditional and career appointments in the competitive civil service to indefinite employees who previously qualified for competitive appointment (p. D549).

will conduct the ensemble in performing, for the first time, Irving Caesar's musical composition, The Pledge of Allegiance to the Flag.

After the singing of the song, The Pledge of Allegiance to the Flag, Mr. RABAUT made the following statement:

Mr. Speaker, truly the voice of freedom has a new song on its lips to carry to all the world.

I think it proper to make known to my colleagues how this song was born, and the magnanimous contribution the author of this music has made to his country.

The following is the letter of assignment I received from the author, Mr. Irving Caesar, codirector of the American Society for Composers, Authors, and Publishers, who, by the way, gentlemen, is the author of such famous songs as Tea for Two, I Want To Be Happy, Swanee, and the children's book, Sing a Song of Safety. His mark has been well made in the music world.

The letter follows:

Whereas the undersigned, Irving Caesar (hereinafter called Caesar), has written original music for the Pledge of Allegiance; and

Whereas it is the desire of Caesar and Congressman LOUIS C. RABAUT (hereinafter referred to as Congressman RABAUT) to assure the widest dissemination of the Pledge of Allegiance in musical form among the children and adults of our Nation: Now, therefore,

It is hereby agreed as follows:

Caesar hereby grants, assigns, and transfers unto Congressman RABAUT all his right, title, and interest in and to said musical composition entitled "The Pledge of Allegiance," for the express purpose of enabling Congressman RABAUT to turn over the said composition to the Congress of the United States for such nonprofit purposes as the Congress may see fit in carrying out the object of introducing and disseminating the Pledge of Allegiance into the schoolrooms and homes of our country.

It is further agreed that Caesar shall be bound by, and hereby waives any necessity for securing his express consent to, any use of said musical composition that may be authorized by or made pursuant to any act or resolution of the Congress of the United States.

IRVING CAESAR.

I wish to announce that upon the reconvening of the House I shall introduce a measure to make this song a public document.

Now, the membership will rise and sing the national anthem, accompanied by the Air Force Band and the Singing Sergeants.

THE AMERICAN FLAG: FIRST IN WAR, FIRST IN PEACE, FIRST IN THE HEARTS OF OUR COUNTRYMEN

Mr. McDONOUGH. Mr. Speaker, today, on June 14, we observe Flag Day, the birth date of our American flag, in commemoration of the action of the Continental Congress which on June 14, 1777, adopted a resolution which stated that "the flag of the 13 United States shall be of 13 stripes of alternate red and white, with a union of 13 stars of white in a blue field representing the new constellation."

It was not until 1889, however, that the anniversary of the adoption of the flag was observed. In that year Prof.

George Bolch, principal of a free kindergarten for the poor in New York City decided to hold patriotic exercises on that day. His inauguration of this program aroused such interest that the State department of education in New York arranged to have the day observed in all the public schools, and not long afterward the State legislature passed a law providing that—

It shall be the duty of the State superintendent of public schools to prepare a program making special provision for observance in the public schools of Lincoln's Birthday, Washington's Birthday, Memorial Day, and Flag Day.

In conforming with this law, the superintendent of public schools in the State of New York ordered that the flag should be displayed on every public-school building at 9 o'clock in the morning and that there should be patriotic exercises with a history of the flag and the singing of songs.

Eight years after the observance of the first Flag Day in 1897, the Governor of New York issued a proclamation ordering the display of the flag over all public buildings in the State. This was the first official recognition of the anniversary of our flag outside of the schools on a statewide scale.

Several years earlier, the mayor of the city of Philadelphia, in response to a resolution of the Society of Colonial Dames of Pennsylvania, ordered the display of the flag on the public buildings in the city.

Flag Day finally received nationwide recognition when President Woodrow Wilson issued a proclamation for the observance of Flag Day on June 14, 1917. Since then, Flag Day has been observed with appropriate ceremonies throughout the United States, but has not been designated as a legal holiday.

I firmly believe that Flag Day should be designated as a legal holiday, and I have introduced H. R. 323, which would provide that the 14th day of June of each year be made a legal public holiday in the same manner as the 1st day of January, the 22d day of February, and other established legal holidays.

In my opinion that is more important now than at any time in our history. We need loyal citizens today who love the United States of America and honor our Stars and Stripes, and give thoughtful consideration to our national emblem and to the principles it represents.

As Henry Ward Beecher expressed it:

A thoughtful mind when it sees a nation's flag, sees not the flag, but the nation itself. And whatever may be its symbols, its insignia, he reads chiefly in the flag, the government, the principles, the truths, the history that belong to the nation that sets it forth. The American flag has been a symbol of liberty and men rejoice in it.

Men and women from all parts of the earth today come eagerly to the United States drawn by our precious heritage of freedom. Many have lived under tyrannical oppression, even as our ancestors who sought personal liberty and religious freedom in America. And it is our solemn duty today as stated so aptly in the preamble to our Constitution to "secure the blessings of liberty to ourselves and our posterity."

On this Flag Day of 1955, I have urged that in addition to the usual public ceremonies, we might as individuals or in family groups hold special observances of Flag Day displaying the flag at home or at places of business, and upon the occasion of this display, pledge allegiance to the flag and all it stands for including the new words of the pledge, "one Nation under God, indivisible, with liberty and justice for all."

If we are to defeat the forces of communism and collectivism loose in the world today which would subjugate the individual to the will of the state and strip every man of all personal volition and freedom to think, act, and speak as his personal convictions dictate, then we must cherish and preserve here in the United States our love of independence which has brought the United States to a position of leadership in the free world and has made this Nation the major hope of the world for eventual peace and freedom from the threat of Communist aggression.

May we all rededicate our own lives to the service of our Nation as we honor the Stars and Stripes on Flag Day.

(At 11 o'clock and 57 minutes a. m. the proceedings in honor of the United States flag were concluded.)

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12 o'clock and 10 minutes p. m.

PRINTING OF PROCEEDINGS DURING RECESS

Mr. RABAUT. Mr. Speaker, I ask unanimous consent that the proceedings had during the recess be printed in the Record at the beginning of the session following the recess, and that all Members may extend their remarks thereon at that point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

TRADE AGREEMENTS EXTENSION ACT OF 1955

Mr. COOPER. Mr. Speaker, I call up the conference report on the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 9, 1955.)

Mr. COOPER. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may extend their remarks in the Record at the close of debate on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, I yield myself 15 minutes, and I ask unanimous consent to revise and extend my remarks and to include certain quotations, excerpts, and extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, in presenting the report of the Senate-House conference on H. R. 1, the Trade Agreements Extension Act of 1955, I wish to make certain fundamental and basic points very clear.

First, I would like to state that I signed the conference report with great reluctance and deep concern. My reluctance and concern stem from the fact that the Senate amendments jeopardize the gains under the trade agreements program realized to date by all segments of our American economy; these amendments weaken our bargaining ability to obtain concessions in future negotiations; they endanger the unity of the free world's efforts to thwart communism. These fears and dangers I will discuss in greater detail in a moment. The alternatives that we were faced with were to permit the authority of the President to enter into trade agreements to lapse or to accept the Senate amendments largely in the form in which they passed the Senate. The conferees of the other body, armed with a letter from the White House approving the Senate amendments, were not inclined to relent on their protectionist position.

I could not, of course, accept with equanimity the expiration of the Trade Agreements Act, for this would have placed our traditional policy of the last 21 years in jeopardy. At the same time I must emphasize that the Trade Agreements Extension Act of 1955, modified and changed so substantially by the Senate amendments, can now only face an uncertain future. At the very least this uncertainty will provide a psychological deterrent to our free world allies to negotiate and administer mutual trade concessions under the trade agreements program. At the most the Senate amendments will tend to vitiate many of the concessions that we have made and obtained over the past 21 years to the detriment of all segments of our economy, and taking into account the modest character of the additional grant of tariff-reducing authority that is contained in H. R. 1, we may well question the possibility of effective trade-agreement negotiations in the future.

But much of what will take place under this act in the next 3 years of its life will depend on how the trade agreements program is administered by the President. The manner in which he exercises the discretion that he retains, both in making future trade agreements and in accepting or rejecting petitions to modify existing concessions, will be the acid test of whether our economy will continue to realize the benefits of a liberal trade policy over the next 3 years

as it has over the past 21 years of the Trade Agreements Act.

It will be recalled that I stated on the floor, when this legislation was originally considered in the House, that the bill carried out the tariff recommendations of the President and that it had been listed by our beloved Speaker as the first major piece of legislation to be considered in this Congress. I also stated that the Committee on Ways and Means had been informed that the administration opposed any and all amendments in the House.

But as H. R. 1 passed the Senate the bill contained 29 amendments. It is true that many of the amendments were clerical or technical. However, several were far-reaching and substantive in their nature. I am reliably informed that the President himself has reviewed these amendments and stated that he has no objection to them. I must say that I cannot reconcile the President's Senate position with his House position on this legislation. I cannot believe that he realizes the pressures and uncertainties which he is inviting by agreeing to the Senate amendments. In any event this position of the President, to all intents and purposes, precluded in advance any success on the part of the House conferees in securing any substantial modification of the Senate amendments.

Another very disturbing consideration about the Senate amendments was that no hearings whatever were held to determine their desirability or undesirability and their potential impact on our economy or on our trade relations with other countries. These Senate changes are among the most far-reaching amendments that have ever been made to our trade-agreements legislation since its inception in 1934. They result in creating what is tantamount to a different bill from that which passed this House, and certainly, in my opinion, full public hearings should have been held on them.

Some of the amendments resulted in reducing the authority of the President to make trade agreements in the future. The deletion of the authority to reduce duties by 50 percent of the levels of January 1, 1945, for those imports which are normally not being imported, or are normally being imported in negligible quantities, is of that nature. So also are the amendments which would have the effect of not permitting the use of the 15-percent tariff reducing authority on those imports which have been subjected to duty reductions of 15 percent or more in the negotiations just completed with Japan and other countries, and with Switzerland.

The two most ominous amendments adopted by the Senate are those relating to the escape clause and the peril point, and the so-called national security amendment. These are the two amendments which were discussed at great length during the conference deliberations and which the House conferees succeeded in modifying.

Of these the most damaging, in my opinion, was the amendment to the escape clause. This amendment was in two parts, and I will deal first with that part which made an addition to subsec-

tion (b) of section 7 of the Trade Agreements Act. This addition, as originally adopted by the Senate, provided that "increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or threat of serious injury to such industry."

I endeavored to determine in conference, just what was intended by the words "contributed materially," and I was told that they could mean anything from de minimis to substantial. The implications of this original Senate language could mean that if the Tariff Commission found, in any particular case, that increased imports contributed to or added to a decline in employment, wages, prices, production, and so forth, it would be required to declare that such increased imports were the cause of injury. Obviously, this would have opened wide the door for any industry which was suffering some decline in one of the factors I have mentioned, to come to the Tariff Commission and qualify for a recommendation for tariff relief, if either actual or relative imports were increasing. Indeed, it would have made it possible for an industry whose volume of business, even though increasing, was increasing at a lesser rate than imports, to come to the Tariff Commission and make a case. The necessity for establishing a causal relationship between the claimed injury and the increase in imports probably would have been eliminated and the mere coincidence of the two factors—an increase in imports and injury as defined in the act, could have been the grounds for recommending tariff relief.

In the conference, however, we were able to reestablish the necessity for a causal relationship. The language, as agreed to by the conferees, now requires that increased imports must have "contributed substantially toward causing or threatening serious injury" before they are held to be the cause or threat of serious injury. This represents a considerable improvement. The change of the word from "materially" to "substantially" makes it clear that the contribution of imports as a cause or threat of serious injury must be substantial rather than merely perceptible. When other factors are at work in conjunction with the increased imports to cause or threaten serious injury, the direct contribution of increased imports to the cause of that injury must be of considerable significance in order to warrant a finding of injury due to imports.

Obviously, it would not serve the interests of an industry petitioning for relief if a tariff concession was modified as a result of an escape clause procedure when imports were of minor significance in causing the injury that they were complaining about, and when any change in the volume of imports would be of little remedial significance to the economic situation obtaining in the industry. For example, if it should be found that increased imports account

for only 5 percent of the injury to an industry and other factors—such as a change in fashion or consumer preference—account for 95 percent of the injury, then escape clause action could solve only 5 percent of the problem and even that remedy would probably be at best short lived.

The conference report emphasizes that under the escape clause as now modified, all relevant factors must be considered, and I quote from the report:

It is the consensus of all the conferees on the part of both the House and the Senate that, for purposes of the language added to section 7 (b) of the Trade Agreements Extension Act of 1951 by this amendment, increases in imports are not to be set apart from other relevant factors and dealt with on an exclusive basis. The Tariff Commission must look at all the factors listed in the first sentence of section 7 (b) of such act, and at all other relevant factors, and (in order that the amendment may apply) must find (1) that imports (either actual or relative) have increased as a result, in whole or in part, of the duty or other customs treatment reflecting the trade agreement concession; (2) that there has been serious injury or threat of serious injury to the domestic industry; and (3) that the increased imports have contributed substantially toward causing or threatening the serious injury.

It should also be emphasized that the President, in making his final decision, will retain full discretion as to both the fact and the cause of injury.

One of the alleged arguments in support of the amendments to the escape-clause provisions is that some members of the Tariff Commission will not find injury or a threat of injury from increased imports unless the imports are the sole cause of such injury. I am advised that there is no basis for this argument, for if Commissioners could find injury—or the threat thereof—only if increased imports were the sole cause, they would never find injury. The distress of an industry is invariably attributable to more than one cause. Obviously, the sponsorship and endorsement of the amendments to the escape clause by those who have always been identified as protectionists means that they hope to make it increasingly difficult for Tariff Commissioners with liberal trade views to find no injury in those cases in which imports make only a small contribution to that injury.

It appears to me also that, as a matter of reasonableness, the Tariff Commission in escape-clause proceedings, must be guided by the test of whether or not an industry has lost ground due to an increase in imports—absolute or relative—and not just failed to gain business which it never had and never had reason to expect. I am referring to the so-called share-of-the-market concept.

The second part of the escape-clause revision, as adopted by the Senate, was also additional language to section 7 of the Trade Agreements Extension Act of 1951.

This new language defines the term “domestic industry producing like or directly competitive products” and “articles,” as meaning “that portion or subdivision of the producing organizations manufacturing, assembling, processing,

extracting, growing, or otherwise producing like or directly competitive products or articles.” The new Senate language went on to provide that “where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury.” This new Senate language appeared to do two things. First, it would have permitted a segment of an industry, rather than a whole industry, to qualify for tariff relief. Secondly, it might have permitted a single business concern to make application to the Tariff Commission and have tariff relief recommended for it.

With respect to the first part of this new language, which refers to segments of an industry, it is my belief that it must refer not to the production of a particular product, but the capacity of the producing organization. In other words, if the particular capital, machinery, and employment, which have been devoted to the production of any particular article, have been successfully shifted to the production of something else, I would not consider that there was basis for the finding of injury to that industry segment. Thus, while there may be a decline in the production of a particular article, if the productive facilities have been, are in the process of being, or are likely to be diverted to the manufacture of something else, providing equal employment and equivalent profits, I would feel that there has been a successful adjustment to the increased imports—providing these were the cause of the shift—and there would be no basis for a finding of injury. Indeed, it may be, as is often the case, that these shifts of resources within the industry reflect a desirable and logical development in response to industrial progress and changing economic factors. The conferees agreed to an amendment to the Senate industry segmentation amendment requiring that the production must be in commercial quantities to be defined as an industry.

The sentence in the Senate amendment dealing with “a particular business enterprise,” was rewritten in conference to read:

In applying the preceding sentence, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentence from the operations of such organizations involving other products or articles.

This change makes clear that the Tariff Commission must base its findings not on the situation of one particular firm—unless that firm is in fact the entire industry or segment thereof—but on the situation of the whole industry as defined in the law. Had the original Senate language been retained, it seemed obvious that a situation would have obtained where almost any uneconomic or marginal firm in any industry or segment of an industry which had some import competition, would have been

able to successfully seek a recommendation for tariff relief. This tariff relief would have, in most cases, been to the benefit of the other domestic producers within the industry and not to the firm which made the plea. The purpose of the escape clause to afford relief to the injured, would have been defeated, and widespread tariff increases would have been made for the benefit of those who do not need or could not qualify for relief of this kind.

The House-Senate conferees agreed to the deletion of a Senate floor amendment which would have included within the definition of the term “domestic industry producing like or directly competitive” products or articles for purposes of the peril-point and escape-clause provisions of the law the production of raw materials or other components of such competitive commodities. This deleted language if retained in the bill would have permitted extreme situations in peril-point determinations and escape-clause actions as well as been virtually impossible to administer.

The second Senate amendment to which the conference devoted considerable time was amendment No. 29, the so-called national security or anticommodity amendment. This amendment, as adopted by the Senate, directed the President to adjust the imports of a particular article when he finds that such imports threaten to impair the national security to a level that will relieve such a threat.

The responsibility in the first instance is on the Director of the Office of Defense Mobilization to advise the President when he has reason to believe an article is being imported in such quantities as to threaten to impair the national security. The President will then cause an investigation to be made to determine the facts.

The only modification in the language of this amendment was of a clarifying nature. However, I draw your attention to the language contained in the conference report on this subject wherein it is stated that—

It is the understanding of all the conferees, both House and Senate, that it—

Referring to the Senate amendment—is not intended to, and does not, diminish or impair any authority the President may have under other law. For example, it was emphasized that if the President sees fit to stockpile critical materials under any other law, that act may be taken wholly aside from the authority contained in this amendment. Conversely, action under the new provision may be taken wholly aside from the authority contained in any other law.

This means that if the President should institute a stockpiling program which would successfully preserve the essential domestic producing facilities in a sound condition and the threat to the national security from increasing imports would thereby be eliminated, there would be no necessity for limiting imports. The President would not only retain flexibility as to the particular measure which he deems appropriate to take, but, having taken an action, he would retain flexibility with respect to the continuation, modification, or sus-

pension of any decision that had been made. This, too, is clearly spelled out in the conference report. "It is also the understanding of all the conferees that the authority granted to the President under this provision is a continuing authority and that prior action taken under this provision may be modified, suspended, or terminated in the light of changed circumstances."

But beyond that, I wish to point out and emphasize an essential aspect of this provision, and that is the language referring to the impairment of the "national security" of the United States. In contrast to that language, I draw your attention to the language of the so-called Symington amendment to the Trade Agreements Extension Act of 1954, which provides that no duty shall be reduced on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements. It is important for the subsequent administration of the national-security amendment that we appreciate the advised use of the words "national security" of the United States.

The Symington amendment referred to projected national-defense requirements. The Senate amendment relates to a much broader concept of which the single facet of a projected requirement is only one component among many others that must be considered. The President would, as he indeed must under the Constitution, consider our total national security in all its aspects and make his determination on the basis of all the factors bearing on our national security. In arriving at his decision he must consider the impact of that decision on our total foreign policy, and on the economies of the nations of the free world that are allied with us. He must also consider the impact of any decision on our overall strength and security, keeping in mind that any modification of a duty on imports or that a quota would inevitably result in a curtailment of exports by the United States. Such actions would not only be a burden on domestic industry to its economic disadvantage but also would be to the disadvantage of our national security.

The President has indicated his own attitude on this matter in his message on Further Developing the Foreign Economic Policy of the United States, when he stated:

The Nation's enlightened self-interest and sense of responsibility as a leader among the free nations require a foreign economic program that will stimulate economic growth in the free world through enlarging opportunities for the fuller operation of the forces of free enterprise and competitive markets. Our own self-interest requires such a program because (1) economic strength among our allies is essential to our security; (2) economic growth in underdeveloped areas is necessary to lessen international instability growing out of the vulnerability of such areas to Communist penetration and subversion; and (3) an increasing volume of world production and trade will help assure our own economic growth and a rising standard of living among our own people.

In the worldwide struggle between the forces of freedom and those of communism, we have wisely recognized that the security of each nation in the free world is dependent

upon the security of all other nations in the free world. The measure of that security in turn is dependent upon the economic strength of all free nations, for without economic strength they cannot support the military establishments that are necessary to deter Communist armed aggression. Economic strength is indispensable, as well, in securing themselves against internal Communist subversion.

The President further stated:

It is essential for the security of the United States and the rest of the free world that the United States take the leadership in promoting the achievement of those high levels of trade that will bring to all the economic strength upon which the freedom and security of all depends. Those high levels of trade can be promoted by the specific measures with respect to trade barriers recommended in this message, by the greater flow of capital among nations of the free world, by convertibility of currencies, by an expanded interchange of technical counsel, and by an increase in international travel.

From the military standpoint, our national strength has been augmented by the overall military alliance of the nations constituting the free world. This free-world alliance will be most firmly cemented when its association is based on flourishing mutual trade as well as common ideals, interests, and aspirations. Mutually advantageous trade relationships are not only profitable, but they are also more binding and more enduring than costly grants and other forms of aid.

Thus it is clear that the President's decision, in the light of his own statements, must be based on whether or not imports on net balance threaten to impair our national security and on his decision as to the appropriate measure to be taken that would best serve the total security interests of the United States.

There is, nonetheless, the danger of considerable pressure being put on the Office of Defense Mobilization from industries seeking shortsightedly to invoke the national security provision for their own illusory protection. Testimony before the Committee on Ways and Means on H. R. 1 clearly demonstrated that some industries would go to great length and use every tenuous argument imaginable in claiming that they were essential to national defense and national security. This makes it all the more important that the Director of the Office of Defense Mobilization and the administration develop clear, objective, and wise criteria for the administration of this amendment. These criteria are important not only in the preliminary investigations to any claim, but they are important so that the President can make his decision on a thoroughly informed basis. Such criteria are also essential to certainty in our foreign economic affairs. The President will enjoy full and unimpaired power in the administration of this amendment. He will have the discretion and must assume the final responsibility for the decision made.

We must keep clearly in mind that the purpose of this amendment is to provide the President with a means to protect and preserve the national security. That is the sole purpose. It is not intended to serve as a device to afford protection to those industries which might claim it.

The escape-clause amendment and the national-security amendment will open the door to pressure and abuse which will be difficult for the President to police and avoid. It is important that we be aware of this. They will impose on him greatly increased burdens and responsibilities for the wise administration and effective conduct of the trade-agreements program. Involved in these amendments is a threat of vitiation of the trade-agreements program which the President alone can meet. I take some measure of solace from the fact that the Presidents who have had the authority to administer this program have all realized the importance of our trade-agreements program to our own well-being and to the well-being and security of all the nations of the free world.

The protectionist tenor of the Senate-passed amendments is cause for misgiving, even though the House conferees achieved some modest success in making these amendments administratively more workable. The inconsistency of the nature of these Senate amendments with the general purposes of the trade-agreements program is regrettable.

The President's expressed approval of the Senate-passed version of H. R. 1 and his view that "trade is the greatest weapon in the hands of the diplomat" are difficult to reconcile.

Aside from America's military capabilities which pose as a deterrent of Soviet aggression, there is no other aspect of our national policy that more directly affects the existence of peace and stability in the world than America's foreign economic policy.

Certainly on the part of all the segments of our domestic economy and on the part of our free-world allies as to what are America's foreign-trade objectives is essential to our effectiveness in international affairs. I fear that through his endorsement of the Senate amendments the President may have removed any assurances of certainty that may have been derived from the House passage of H. R. 1.

For these reasons I believe that it behooves the President, through wise and informed administration of the trade-agreements program as it will be modified by the provisions of H. R. 1, to clearly demonstrate to the world America's determination to continue to be an economic partner in the causes of freedom and peace.

I will support the adoption of the conference report on H. R. 1.

Mr. Speaker, as part of my remarks I will include a copy of a letter from the White House, dated May 16, 1955, signed by the Honorable Gerald D. Morgan, special counsel to the President, which sets forth the administration's views with respect to the Senate amendments to H. R. 1:

THE WHITE HOUSE,
Washington, May 16, 1955.
The Honorable JERE COOPER,
Chairman, Committee on Ways and Means,
House of Representatives,
Washington, D. C.

DEAR MR. CHAIRMAN: This is in answer to your inquiry concerning the administration position on the various Senate amendments

to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Amendment No. 1: This amendment strikes out the language in the House bill that sought to spell out the kinds of provisions that could be included in foreign-trade agreements. The language stricken out was intended to be clarifying rather than substantive in nature. Since the language so stricken was merely declaratory of existing law, as uniformly interpreted, the administration has no objection to the Senate amendment striking it out.

Amendment No. 2: This amendment is merely a clerical amendment made necessary by amendment No. 1.

Amendment No. 3: The language of the House bill which this amendment strikes out was designed to make it clear that the enactment of the bill would not constitute approval or disapproval by Congress of the proposed new Organization for Trade Cooperation. The language which the Senate amendment proposes to insert is designed to make it clear that the enactment of the bill is not to constitute approval or disapproval by Congress of the GATT. Since the bill passed the House, separate legislation proposing congressional approval of OTC has been recommended, and hence it seems that the House language stricken out by the Senate amendment is unnecessary. The language inserted by the Senate amendment is similar to language which had been included in Trade Agreement Act extensions for the last several years, and the administration has no objection to it.

Amendments Nos. 4, 5, 6, 9, 11, 12, 17, 20, 21, 22, and 23: All of these amendments relate to a single subject matter, viz., the elimination of the so-called double jeopardy with respect to articles on which concessions are made in the forthcoming trade agreement covering Japan. Under existing law the duties on these articles could be reduced by 50 percent of the duty existing on January 1, 1945, and then have been subject to a further 15-percent reduction under the House bill. Under the Senate amendments, if the duty on a particular article is reduced by 15 percent or more under the Japanese trade agreement, no further reduction could be made under the bill. If the duty on that article is reduced by less than 15 percent under the Japanese trade agreement, the duty could be decreased under the Senate amendments by the difference between a 15-percent reduction and the reduction provided for under the trade agreement. Thus under the Senate amendments all articles, whether covered by the Japanese trade agreement or not, will be treated on the same basis. The administration has no objection to these amendments.

Amendment No. 7: This amendment strikes out language in the House bill which would have authorized reductions in duty by 50 percent of the rate existing on January 1, 1945, in the case of articles which are normally not imported into the United States or are normally imported in negligible quantities. After prolonged consideration, it was concluded that "negligible quantities" constituted a standard that it would be difficult to apply administratively, and it was further concluded that a more precise standard could not be devised. Hence the administration has no objection to Senate amendment No. 7.

Amendments Nos. 8 and 19: These are clerical amendments made necessary by amendment No. 7.

Amendments Nos. 10, 15, and 16: These are clerical amendments made necessary by amendment No. 14.

Amendment No. 13: This amendment eliminates language of the House bill which authorized the President to exceed any limitation on reduction in duty in order to round out the reduced rate. After considering the

administrative complexities involved in applying the House language to duties consisting of a combination of a specific rate and an ad valorem rate, the administration has no objection to the Senate amendment.

Amendment No. 14: This amendment strikes out the language in the House bill which directed the President to avoid as far as practicable the subdivision of classification categories. This language would not add anything to the authority which the President already has in this regard, and so the administration has no objection to its elimination.

Amendment No. 18: This is a clerical amendment made necessary by amendment No. 13.

Amendments Nos. 24 and 25: These are clerical amendments made necessary by amendment No. 26.

Amendment No. 26: This amendment directs the Tariff Commission to keep informed about the operation of trade agreement provisions relating to duties or other import restrictions and to submit to Congress, at least once a year, a factual report on the operation of the trade agreement program. The administration has no objection to this amendment.

Amendment No. 27: This amendment provides that when the Tariff Commission makes findings and recommendations to the President in escape clause proceedings, the Commission shall immediately make its findings and recommendations public, including any dissenting or separate views. The administration has no objection to this amendment.

Amendment No. 28: This amendment consists of three distinct parts:

(a) One part of this amendment adds a provision to section 7 (b) of the Trade Agreements Extension Act of 1951 (escape clause provisions) which provides in substance that when the Tariff Commission finds increased imports to have contributed materially to the serious injury or threat of serious injury to a domestic industry, such increased imports shall be considered as the cause or threat of serious injury to that industry. This provision seeks to eliminate confusion as to the proper interpretation of section 7 of existing law, and the administration has no objection to it.

(b) Another part of amendment No. 28 adds to section 7 of the Trade Agreements Extension Act of 1951 a subsection defining what is meant by "domestic industry" for the purpose of peril-point determinations and escape-clause procedure. There is no definition of what constitutes a domestic industry for these purposes in existing law. The amendment provides that a domestic industry means "that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing" products that are like, or directly competitive with, the imported article involved. It is also provided that where a particular business enterprise is engaged in operations involving more than industry, or more than one readily determinable segment of a single industry, the Tariff Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury. This portion of the amendment gives the Tariff Commission greater latitude in consideration of applications for escape clause relief. No change is made with regard to the essential review powers of the President, and the administration has no objection to this portion of amendment No. 28.

(c) The third portion of amendment No. 28 has the effect of providing that the producer of any raw material contained in, or of any component of, a domestic article with which an imported article competes, may obtain escape-clause relief by reason of imports, not of the raw material or of the

component, but of the finished article being manufactured by somebody else. This portion of the amendment also provides that evidence of serious injury or threat of serious injury to any readily determinable segment of the producing organizations shall, for the purpose of the bill, be considered evidence of serious injury or threat of serious injury to the domestic industry producing like or directly competitive products or articles. The administration feels that this third portion of amendment No. 28 goes to extremes, and would be impossible to administer. It would permit, for example, manufacturers of nuts and bolts to claim escape-clause relief on account of the importation of automobiles.

Amendment No. 29: This amendment rounds out the national-security provisions incorporated in the extension of the Trade Agreements Act last year. Amendment No. 29 provides that whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President is directed to cause an immediate investigation to be made. If the President finds, on the basis of such investigation, that imports of the article in question are threatening to impair the national security, he is directed to take such action as he deems necessary to adjust the imports to a level that will not threaten to impair the national security. Such action could take any form that was appropriate to the situation. The administration has no objection to this amendment.

I hope that the above answers your inquiry. An identical letter is being sent to the Honorable HARRY F. BYRD, chairman of the Committee on Finance.

With kindest regards,
Sincerely,

GERALD D. MORGAN,
Special Counsel to the President.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from West Virginia.

Mr. BAILEY. I thank the gentleman from Tennessee for yielding. I, too, would like to make some pointed observations on the House proposals and the Senate proposals. I, of course, would prefer the Senate version, because it did have some steps toward liberalization of the program but not enough to satisfy me. Therefore, I want to be on record and say that I am still opposed to the bill and opposed to the conference report.

Mr. COOPER. The distinguished gentleman from West Virginia has always been opposed to the trade agreements program; is opposed to it now, and always will be opposed to it.

Mr. Speaker, I yield 15 minutes to the distinguished gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, I do not know whether I should sympathize with my distinguished chairman, the gentleman from Tennessee [Mr. COOPER], who is very much worried because he is going to have to vote for this conference report. He is a strong-minded man and he generally knows where he is going. I do not know that he is asking for sympathy, but if he wants it, I will give him a little, because I think he has gone entirely too far in line with his own fine character and fine disposition to find so much fault with the President. I just want to say to him that I think the President is very

much satisfied with this legislation; in fact, I know he is. The letter that the distinguished gentleman from Tennessee just inserted in the RECORD, written by the President's Counsel, indicates that the President is satisfied with this legislation.

Another thing I want to say to my good friend, the gentleman from Tennessee [Mr. COOPER] when he worries about this report is that he can be encouraged by seeing who was on the conference committee with us from the United States Senate. The chairman was Senator BYRD, and with Senator BYRD was Senator GEORGE, and with these two was Senator KERR, from Oklahoma. All three of these Senators, great leading Democrats as they are, were enthusiastically for these amendments. They had prepared it. It passed the Senate, I think, by a vote of about 75 to 13, and that is the way it came to us. So, I think any Democrats, especially those who have been in favor of this legislation before or any portion of it, will be inclined to conclude that Senator BYRD and Senator GEORGE and Senator KERR might all be right. And, for the benefit of you Republicans, I might say that the Senators on our side were Senator MILLIKIN and Senator MARTIN. Of course, we all know that these two Senators rank with the best and most capable Members of the Senate on the Republican side.

Now I want to talk to you for just a moment about this conference report. You know, this H. R. 1 has been a very much discussed bill. Oh, for the last 2 or 3 months we have been talking about it; everybody wants to say something about H. R. 1, partly because the title is attractive and it is easy to remember. Now, then, let us see what H. R. 1 is. At the time we had it up for consideration on the floor of the House it was discussed at great length. We had it up February 15 and we debated it very extensively, about 2 days all together. The gentleman from New York [Mr. REED] was here then, and he conducted the debate in a fine manner on the Republican side, as did Mr. COOPER, the leader on the other side. But, anyhow, we had a vote on a motion to recommit at that time, and here is the way the vote ran: 199 for and 208 against. That is only a disparity of 9 votes. When the bill was voted on after the motion to recommit was lost, the vote was 295 for and 110 against. I voted against the bill then.

The bill was improved very materially by the Senate and we added some improvements in the conference. The gentleman from Tennessee [Mr. COOPER] contributed very much, and especially did his colleague from Arkansas [Mr. MILLS]. Both gentlemen contributed very much in making this a better bill than it was before.

I should like to take a little time to consider one proposition that the gentleman from Tennessee [Mr. COOPER] expatiated on extensively. I want again to say that the administration is satisfied with this legislation. I had a letter from the President's counsel and I know what they think down there at the White House. I know they are going to be abundantly satisfied with this bill as we

are going to pass it today, and I hope by a 4-to-1 vote.

Mr. SCHENCK. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. Yes, I yield gladly to my distinguished colleague from Ohio.

Mr. SCHENCK. May I ask the gentleman to point out that when the bill was in the House before, it came up under a closed rule so that no amendments could be considered; but that same procedure was not followed in the other body.

Mr. JENKINS. That is absolutely right. When the Members of the Senate had a free field to offer amendments all these improving amendments were presented and adopted and thereby improved the bill very much. I should like to speak just a minute about some of the items in the bill before it was amended and then after it was amended, in which I am very much interested. I am not selfish, but I am interested in those products produced in my own territory. Ohio is the producer of large quantities of coal, pottery, glassware, and textiles. A great many other Members of Congress are also interested in the same commodities.

Just this morning I looked up some figures, and I was terribly surprised to find these. In 1953 86 percent of all the dinnerware purchased in the United States came from some foreign country. That is a very large percentage of dinnerware, nearly everybody in our country buys dinnerware, and to think that 86 percent of it came from some foreign country shocks me. I think when we go that far, we go too far. I think when our ladies who keep house realize this, not so many of them will say, "trade not aid."

These are the conditions that confront us. Our coal mines are idle. Our potteries are among the finest in the world. Some of them are idle or are threatened. One of the largest glass producing factories in the United States is located in my district. While it is not threatened—it is strong financially and it will survive—still they do not like this situation. And again I say that these people who make dinnerware are not satisfied with this figure of 86 percent.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to my friend from West Virginia.

Mr. BAILEY. In view of the comment of the distinguished gentleman from Tennessee [Mr. COOPER] that they modified the amendment concerning excessive imports, does not the gentleman believe that if that amendment has been left as the Senate originally passed it, it would have solved the problem of 86 percent of the total sales of dinnerware in the United States being of imports as well as the large percentage of glassware that comes into the United States?

Mr. JENKINS. I think it might have done something in that direction. However, I do not believe that the conference agreement weakens the Senate amendment.

Mr. BAILEY. Does the gentleman think it will accomplish that now with the changes that they have made?

Mr. JENKINS. I think we have made a step in the right direction as compared with the bill as it was before. It will be a great improvement, I think.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to my distinguished friend from Illinois.

Mr. MASON. I should just like to add watches to the list of items which the gentleman has mentioned, because over 80 percent of the watches sold in America today come from abroad.

Mr. JENKINS. Yes. Of course, what the gentleman said is a sad fact, our watch business is about gone.

The gentleman remembers the man who used to come before the Committee on Ways and Means from up in New England, representing the watchmakers. I tell this as an interesting story. He came down before the Ways and Means Committee about a year ago and he was sitting on the front seat. We were having some business, and I told the chairman the gentleman from New York [Mr. REED], "There is so and so. He might want to say something. You might call on him." He did. This is what he said:

Mr. REED, I appreciate your courtesy but I have nothing to say. I have been coming down here representing the watchmakers for 20 years, and now I have just come down here to say goodbye to you and the other members of your committee. You will never see me down here any more. The watch business has all gone to thunder, and there isn't anything we can do about it.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Iowa.

Mr. GROSS. Is there anything in the conference report now before us that provides that an industry injured by imports be given assistance by the Federal Government?

Mr. JENKINS. The bill does not provide for any form of direct financial assistance. It does provide, I believe, a better opportunity for injured industries to receive fair treatment.

Mr. GROSS. As regards pottery and certain other imports, this is only a little less worse than it was when it originally passed the House?

Mr. JENKINS. Yes; it is better.

Mr. HENDERSON. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to my friend the gentleman from Ohio.

Mr. HENDERSON. Does the gentleman feel the bill as now amended will perhaps stop some of the inroads into the pottery and glass industry?

Mr. JENKINS. I think it will. I am going to vote for it, in the hope although it is not as good as I should like to see it.

Mr. BAILEY. If the gentleman will yield further, in view of the details revealed in the new Japanese Trade Agreement, does the gentleman think Congress went far enough in protecting such industries as textiles, pottery, glassware, and coal?

Mr. JENKINS. I doubt whether we have solved the problems of these industries. I do not know whether we can. The coal industry is now down on its back. It is going to take a good many

years to repair the coal industry, as all of us know who come from the coal areas.

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. The gentleman stated to my friend from West Virginia that there is at least some improvement with reference to pottery in the language of the report. That of course is not true with reference to the import of Venezuelan oil vis-a-vis the coal industry. Is that true, that there is no improvement?

Mr. JENKINS. My answer did not apply to the oil business.

Mr. FLOOD. It did not apply to oil?

Mr. JENKINS. No; the gentleman from West Virginia did not ask me about coal. However, if the President finds that imports of oil threaten to impair the national security, the bill directs him to correct the situation by adjusting those imports.

Mr. Speaker, I take a great deal of interest in this reciprocal trade agreement program because it was originally advocated by McKinley. McKinley to me is one of the greatest of all Americans. He was a great man along this line. I do not know whether my good friend from Illinois [Mr. Mason] will agree with me entirely, but I know they are of about the same line.

Mr. MASON. But the reciprocal trade agreement that he advocated is a lot different from the present reciprocal trade agreement program.

Mr. JENKINS. That is right. I knew I would bring the distinguished gentleman from Illinois to his feet when I commented on that.

I want to read what McKinley had to say about this:

Free trade in the United States is founded upon a community of equalities and reciprocities. It is like the unrestrained freedom and reciprocal relations and obligations of a family. Here we are one country, one language, one allegiance, one standard of citizenship, one flag, one Constitution, one Nation, one destiny.

It is otherwise with foreign nations, each a separate organism, a distinct and independent political society, organized for its own, to protect its own, and work out its own destiny.

We deny to those foreign nations free trade with us upon equal terms with our own producers. The foreign producer has no right or claim to equality with our own. He is not amenable to our laws. There are resulting upon him none of the obligations of citizenship. He pays no taxes. He performs no civil duties—he is subject to no demands for military service. He is exempt from State, county, and municipal obligations. He contributes nothing to the support, the progress and glory of the Nation.

Why should he enjoy unrestrained equal privileges and profits in our markets with our producers, our labor, and our taxpayers?

McKinley laid the law down strong enough so that we can all understand it, and I hope we will not abandon his theories as to reciprocity.

Again, I say I think this bill is a decided step in the right direction as against the bill we passed in the House, and which I voted against. I repeat I voted against that bill. However, now

the bill comes back to us, and I, for one, feel it is my duty to support it because it is a step in the right direction. It has been greatly improved.

(Mr. JENKINS asked and was given permission to revise and extend his remarks.)

Mr. KELLEY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. KELLEY of Pennsylvania. I note from your remarks in answer to the gentleman from Pennsylvania that there was no relief given the coal industry, as it is affected by the residual oil imports from Venezuela.

Mr. JENKINS. No, no, the gentleman did not understand me. I said that the words "residual oil" are not mentioned. Oils are not mentioned; no commodity is mentioned. However, as I have pointed out, the national security amendment may assist the coal industry.

Mr. KELLEY of Pennsylvania. Is that just a hope or is it a fact?

Mr. JENKINS. I cannot answer that. I am hoping and I hope you are hoping with me.

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. FLOOD. The language on page 5, which was read by the gentleman, says, "increased imports." The fact remains, that means any import quotas that exist today remain in status quo. The word "increase" means what it says.

Mr. JENKINS. It does not mean that. We all know that our country is a great country. We are going to grow greater and greater, and we are going to get bigger and bigger. There is not any language there which says you can go only just so far. The President is not limited in the volume. He still has plenty of authority and he has the right to act and he has the spirit to act, and you should be satisfied with the prospects.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. JENKINS. Mr. Speaker, under leave I am extending my remarks in which I go more into detail with reference to many facts connected with this very important legislation.

Mr. Speaker, H. R. 1 as reported by the conference committee represents a greatly improved piece of legislation.

A number of amendments to the bill were adopted by the other body and agreed to by the conferees. However, H. R. 1 as agreed to in conference contains the same basic authority as it did in the form originally passed by this House. Essentially, the original bill, as requested by the President and as passed by the House, provided a 3-year extension of the President's authority to enter into reciprocal trade agreements and authorized the President to grant tariff reductions of up to 15 percent over that same 3-year period. This was the primary objective sought by the President, and H. R. 1 as agreed to by the conferees achieves this goal. The administration has declared that it does not object to any of the amendments we have agreed to. Of course, this bill as now amended does not go as far as some free-trade advocates would wish. On

the other hand, Mr. Speaker, the bill in its present form certainly does not go as far as many of those of the protectionist viewpoint would wish. As a result, the conference bill represents a compromise between the extremists of both viewpoints and at the same time accomplishes the major objectives sought and recommended by President Eisenhower.

That certain of the provisions of the amended bill represent modifications of the original proposals certainly is no basis for criticism of this legislation. On the contrary, this fact demonstrates that the Congress has fully measured up to its legislative responsibilities. We must not forget that in this area of tariff legislation the Congress has a primary jurisdiction conferred upon it by the Constitution, and that the reciprocal trade agreement authority represents a delegation of our constitutional responsibility. Therefore, the fact that the Congress has exercised its own considered judgment in implementing the basic recommendations of the President should be the cause, not of criticism, but of approbation.

Mr. Speaker, it is true that the other body adopted a number of amendments to H. R. 1. It is true that some of these same amendments were considered either by the Committee on Ways and Means or by Members of the House and were rejected at that time. However, let us not forget that the majority which insisted on barring amendments to the bill in the House was at best an uneasy majority. Nor should we forget that those who failed by a mere handful of votes to open the bill to modification in the House represented large and responsible segments of both parties. As a result, the bill which passed the House can hardly be said to have represented a mandate from its membership. On the other hand, the bill as amended by the other body was adopted by an overwhelming vote of its membership.

Mr. Speaker, there are those who would belittle the accomplishments of this bill. There are even those who decry its provisions as representing an abdication to protectionist interests. There are those who would claim that the President has failed to achieve his objectives. Mr. Speaker, there is no truth in these charges. I have pointed out that H. R. 1, as agreed to by the conferees, contains both the 3-year extension of the reciprocal trade authority and the new 15 percent tariff reduction authority requested by the President. These two basic grants are contained in this bill without any important change. The new tariff-reduction power is the first such authority provided by this Congress to any President since January 1, 1945, over 10 years ago. In addition, Mr. Speaker, despite misrepresentations to the contrary, not a single amendment agreed to by the conferees ties the hands of the President in the exercise of his reciprocal trade-agreements authority in any way whatsoever. The President will continue under H. R. 1, as amended, to have complete freedom in the exercise of his own judgment in implementing the provisions of this bill as well as in

safeguarding the domestic economy from injury. Nowhere in this bill does there appear any import quota or other import restriction designed to protect a specific industry or a specific commodity. Instead of criticizing this bill in its present form, those who advocate a more liberal foreign-trade policy have reason to congratulate themselves. Certainly, H. R. 1 represents a victory of major importance for President Eisenhower.

Mr. Speaker, I would like to outline briefly the more important changes contained in the bill as agreed to by the conferees.

Section 3 (a) of the bill contains the basic authority of the President to enter into foreign-trade agreements with foreign governments. However, in the form passed by the House, the bill very greatly broadened the language of existing law in this regard. In the minority views expressed in the report of the Committee on Ways and Means, it was pointed out that there had not been established any necessity for the inclusion of this new language, and it was recommended that it be eliminated. This has been accomplished under the conference agreement. This amendment is satisfactory to the administration, which has pointed out that the language so stricken was merely declaratory of existing law. As a result, the President's authority in this area will be extended on exactly the same basis as it has existed heretofore.

In recent years, when the Congress provided for periodic renewals of the reciprocal trade agreements authority, the legislation uniformly contained a proviso to the effect that its enactment should not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade. Inasmuch as the provisions of GATT had never been submitted to the Congress, it was always considered appropriate that Congress reserve its rights in this regard. An identical amendment was offered in the Committee on Ways and Means, but was rejected by the majority. In its place, the bill as passed by the House simply provided that enactment of the legislation should not be construed to determine or indicate the approval or disapproval by the Congress of organizational provisions of any foreign-trade agreement. This language, of course, left in complete uncertainty the status of the vastly more important substantive provisions of GATT. The other body simply restored the language of prior extension and thus insured that there would be no change in existing law. The conferees agreed to this amendment, and the administration has pointed out that since this bill passed the House, separate legislation proposing congressional approval of the organizational provisions of GATT has been recommended and that, therefore, the House language stricken out by the other body has become unnecessary.

As I have stated earlier, the bill provides that over the 3-year extension of the reciprocal-trade agreements authority the President is authorized to grant further tariff concessions of up to 15

percent of existing tariffs. This was the authority recommended by the Commission on Foreign Economic Policy, the so-called Randall Commission, and contained in the President's foreign economic policy message to the Congress. However, the bill passed by the House provided that the 15-percent reduction would be applied to tariff rates in effect on July 1 of this year. As a result, and as pointed out in the minority views in the report of the Committee on Ways and Means, there was complete uncertainty as to the magnitude of the tariff cuts which could be authorized under the House bill. As you know, the United States has been engaged in tariff negotiations with Japan. These negotiations have already been completed. The tariff concessions contained in the Japanese agreement will, under the most-favored-nation plan, be extended automatically to all other countries of the world outside of the Communist bloc. As a result, these new rates established through the Japanese agreement would, under the House bill, have formed the basis for the new 15-percent reduction authority if they took effect on or before July 1 of this year. It is obvious, therefore, in view of the uncertain outcome of the Japanese negotiations, that it would have been impossible to predict the base upon which the new 15-percent reduction authority would have been applied. As I have stated, this basic defect in the House bill was pointed out by those who subscribed to the minority views in the report of the Committee on Ways and Means. The other body corrected this patent deficiency by authorizing that the new reduction authority would be applicable with respect to the rates in effect this past January 1. As pointed out by the administration, this amendment insures that all articles, whether covered by the Japanese trade agreement or not, will be treated on the same basis.

The bill as it passed the House also authorized reductions in duty by 50 percent of the rate existing on January 1, 1945, in the case of articles which are normally not imported into the United States or are normally imported in negligible quantities. There may have been merit in this proposal from a purely theoretical standpoint. However, the House bill contained no definition of the term "negligible." There was no specification as to the group, class, or industry, nor any reference as to what commodities or articles might have been affected by this authority. Nor was there any definition as to the measure of time or circumstances bearing upon the imports which should be used. Not only did the House bill contain no definition of what was meant by this provision but no satisfactory explanation was ever furnished our committee of how it was intended to administer the provision. As a result, it was suggested in the minority views of the report of the Committee on Ways and Means that this authority be eliminated. In view of the full discussion and careful consideration to which the bill has been subjected since introduction, the administration has

concluded that the term "negligible quantities" constitutes a standard that it would be difficult to apply administratively and that a more precise standard cannot be devised. The other body eliminated this provision, and the conferees have agreed to the amendment.

H. R. 1 as it passed the House directed the President in negotiating tariff concessions, to avoid as far as practicable the subdivision of classification categories. It will be recalled that the President in his references to this legislation has stressed consistently the importance of making tariff reductions on a selective basis only. Certainly, the Congress has never intended that its delegation of tariff-reduction authority should be exercised in an across-the-board manner. On the contrary, it has always been intended that adjustments be negotiated carefully on an item-by-item basis. The language contained in the House bill was in effect a mandate to the President to violate this very principle of selectivity which the Congress has always insisted upon and which the President himself has declared to be an essential aspect of the reciprocal trade-agreement program. The other body eliminated the House language, and this amendment was agreed to by the conferees. The administration has declared that it has no objection to this amendment.

The other body added a new provision directing the Tariff Commission to submit to Congress at least once a year a factual report on the operation of the trade agreement program. The conferees have agreed to this new provision and the administration has no objection to it. It seems very reasonable to me in view of the fact that the reciprocal trade program is a delegation of authority vested in the Congress itself and in view of the additional fact that the Tariff Commission is essentially an arm of the Congress.

The other body added another new provision which has no counterpart in the House bill to the effect that when the Tariff Commission makes findings and recommendations to the President in escape-clause proceedings the Commission shall immediately make its findings and recommendations public, including any dissenting or separate views. The administration has stated that it has no objection to this amendment, and it was agreed to by the conferees. In some quarters the charge has been made that if publicity is given to the Tariff Commission recommendations in this manner, the President will be subjected to pressure from the domestic industry concerned. I cannot agree with this objection. It has been obvious for some time that, while the recommendations of the Tariff Commission are kept hidden from the affected domestic industry and from the American public in general, these same recommendations have, as a matter of actual practice, become available to the foreign government concerned. It should also be understood that the United States has bound itself in the General Agreement on Tariffs and Trade to consult with the foreign government concerned before the President takes ac-

tion under the escape clause. That this procedure should be followed and that at the same time the affected American industry should be denied the same information which is made available to foreign governments and foreign businessmen violates every American principle of fair play. To refuse public dissemination of the facts in a given case on the ground that such action might create unfortunate pressures on the President is to deny the very principles upon which our democracy and our legal traditions are founded. If we are to acquiesce tacitly to subjecting the President and his advisors to pressures from foreign governments and foreign industries, it seems to me that the least we can do in all fairness is to make available to our own industries at least an equal opportunity to make known the considerations affecting our own national interest. Let us not weight the scales against our own industries and our own workers.

There has been considerable confusion over the years concerning the extent to which the distressed situation of a domestic industry must be attributable to imports before a Tariff Commission finding of injury can be made. The Commission itself apparently has been divided on this very issue. There has even been some suggestion that unless imports are the sole cause of injury there can be no relief. Obviously, such an interpretation would make the escape clause meaningless. There are always other factors which may contribute in some degree to the fact of injury. The bill as agreed to by the conferees seeks to eliminate some of this uncertainty. Of course, it is impossible to express by law any completely precise measurement of injury. However, the conference bill provides that when the Tariff Commission finds increased imports to have contributed substantially toward causing or threatening serious injury to an industry, such increased imports shall be considered as the cause or threat of serious injury to that industry. The administration has no objection to this amendment.

The present law contains no definition of what is meant by "domestic industry" for the purpose of peril-point determinations and escape-clause procedure. This omission has had unfortunate results. Where a particular operation of a domestic industry has been severely injured or even destroyed as a result of imports but where the overall operations of the same industry have been profitable, the Tariff Commission has denied any claim for relief on the ground that the industry has not been injured. This interpretation has discriminated in particular against small businesses. An amendment adopted by the other body and agreed to by the conferees seeks to correct this situation by providing that a domestic industry means "that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing" products that are like, or directly competitive with, the imported article involved. This amendment will, in my opinion, reaffirm what has always been the con-

gressional intention, namely, that it is the effect upon the specific article or commodity which must be considered in escape-clause procedures. The amendment also provides that, in applying this definition of "domestic industry," the Tariff Commission shall, so far as practicable, distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentence from the operations of such organizations involving other products or articles. The administration has no objection to this new definition of "domestic industry," and it has pointed out that these escape-clause amendments make no change with respect to the essential review powers of the President.

One of the most serious problems which was brought to the attention of the Committee on Ways and Means during its consideration of this legislation involved the question of national security. It is obvious that there are many areas in which the national interest requires that a strong and vigorous domestic industry be maintained. This principle should be so clear as to need no argument. However, H. R. 1 as reported by our committee and as passed by the House was devoid of any provision relating to this essential factor of national security. As those of us who subscribed to the minority views in our committee report pointed out, several amendments directed to a solution of this problem were rejected by the majority as a result, apparently, of inadequate consideration. Fortunately, the other body adopted an amendment which was agreed to by the conferees which we hope may serve to safeguard the national interest in this area. The amendment provides that, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President is directed to cause an immediate investigation to be made. If the President then finds, on the basis of such investigation, that imports of the article in question are threatening to impair the national security he is directed to take such action as he deems necessary to adjust the imports to a level that will not threaten to impair the national security. The administration has no objection to this amendment. It does not tie the President's hands in any way but merely makes available to him the essential machinery for safeguarding the national security.

Mr. Speaker, that concludes the most important changes agreed to by the conference committee. I regret that this House, by its earlier refusal to heed the real sentiments of its membership, should have abdicated, in effect, to the other body its constitutional prerogatives in this field of tariff legislation. Be that as it may, H. R. 1 is today a far better bill than when it passed the House. It is a bill which achieves the primary objectives of President Eisenhower. At the same time, without in any way limiting the President's authority, it is a bill which

reaffirms our conviction that the interests of American industry, of American agriculture, and of American workers must be adequately safeguarded.

Mr. COOPER. Mr. Speaker, I yield 15 minutes to the distinguished gentleman from Pennsylvania [Mr. SIMPSON].

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I think we should remember in considering this bill and conference report that the question which was before the conferees and the Congress is whether the reciprocal-trade program is to be continued or whether the method of writing our tariffs and imposing our duties is to be returned to the Congress where many of us think it should have remained at all times. But the issue which confronted the conferees, confronted as we were with a proposition presented by the conferees of the other body and our own position, required that we resolve whether we would accept the conferees' report from the other body and work it out jointly with ourselves or whether we would go back to the old method of writing the tariffs. I believe in a reciprocal trade method of preparing our foreign trade. That does not mean I agree in every respect, because I do not, with the program as it has been carried out to this time. However, I say to those of us who criticize the fact that the House conferees saw fit pretty generally to accept the position of the other body that by doing that we did save the reciprocal method of writing our tariff laws, and I think that was important. In accepting that, we did, in my opinion, greatly strengthen the reciprocal-trade program. We have today provided that any businessman who believes he has suffered injury or is threatened with serious injury as a result of too low tariffs put into effect under this program has the right to go into a forum of his Government and make his case and expect to get relief, if he does succeed in making his case. He did not have that right before. He does have it under this bill, if we agree to the conference report as presented.

First, I wish that we had before us today, in considering this foreign economic policy, all of these matters which are affecting tariff rates today; the agreement which has just been released with respect to Japan, in which agreement many, many hundreds of cuts have been made in existing rates; cuts announced in agreements just completed with Switzerland, and some other countries, all of which should have been before us at the time when we were considering the extension of the reciprocal trade agreement program for another 3 years. We did not have them. As a matter of fact, we did not know what had been done in the Japanese agreements, the negotiations for which took place behind closed doors, across the ocean. We did not know what cuts were made then, until the conferees had made this report, and a distinguished conferee has seen fit to comment since that report to the effect that perhaps the cuts made in the Japanese agreement have been too great, and may seriously affect the manufacture of textiles in the United States.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. In just a moment I will yield.

I suggest that had we known about the cuts made in the Japanese agreement, had we known about the cuts made in these other agreements, perhaps we would not have been willing to grant authority to make the 3 additional cuts of 5 percent in the next 3 years.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. BAILEY. Does the release of the details of the Japanese agreement not seem quite timely? It was timed to be released after the report was made, and is it not a fact that the concessions we made to Switzerland far outweighs the value we got on watches?

Mr. SIMPSON of Pennsylvania. We had made concessions to Switzerland. We protected the American industry, the watch industry. Because we saw fit under the terms of our Reciprocal Trade Agreement to give protection to that industry at home, we had to pay the Swiss. Because we said today, "We made a bad bargain." I do not mean the Congress. I mean some of these negotiators we have, because they went to Switzerland some years ago and they were outbargained, they were out-Yanked, and tariffs were reduced lower than they should have been. Now we have found it out, and we try to correct it, and we go to the Swiss and offer them, by making further concessions, to protect the industry, and some of the concessions were very serious.

Mr. BAILEY. Coming from the State of Pennsylvania, which is a large producer of coal, do you think that general authority given to the President to say how low import duties shall go, and determine whether imports are acceptable—do you think that that will solve the difficulty in the coal-mining industry?

Mr. SIMPSON of Pennsylvania. The gentleman will recall that what we do under amendment 29 is to bring into this matter of the production of coal in its competition with fuel oil, the Office of Defense Mobilization. We charge that Office with making an investigation to ascertain whether, in their opinion, any article—we do not limit it to coal or oil—whether any article is being imported into the United States in such quantity as to threaten domestic production.

Mr. BAILEY. The gentleman will agree with me that that appointment, the appointee in the Mobilization Department, is the appointee of the President?

Mr. SIMPSON of Pennsylvania. I am getting around to the gentleman's question, and my answer has to be that this does not give the kind of protection the gentleman and I would like to have. It gives the promise of being a far better protection than we have today. I hope, by reason of its administration, by reason of the realization on the part of the importing companies, that something has to be done if we are to protect the great coal industry in our country.

Let me say one thing further. I think this whole program of reciprocal trade, this whole program of making concessions in the United States in exchange for concessions somewhere else in the world, has utterly collapsed. I think it is dead, on the way out. I think it had some good principles, but I think the only way it could be saved, if it is worth saving, is in some way to protect essential industries.

I think we have given that protection pretty generally to any and all industries in the United States so that they can come into court, make their case and expect to get some help. It is not final, it is not complete; but we were confronted with the issue, I repeat, of either wiping out this entire method and writing off the trade agreements, backing out of some of the agreements we have made, or of doing it in this manner.

Much as I opposed the effect of the agreements we have been going into and the methods that have been followed, I am in favor of this conference report, because we have made great steps against almost insurmountable odds. Gentlemen on both sides of the aisle know we have intermixed our foreign diplomatic policies and our domestic trade policies, and it is not right.

Mr. LANHAM. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the gentleman from Georgia.

Mr. LANHAM. I want to congratulate the distinguished gentleman from Pennsylvania and the committee for accepting as far as possible the Senate amendments. I just call attention to what has happened to the textile industry in the agreement that has just been announced; some of those cuts were as much as 27 percent. Frankly, the cut on the yard of cotton cloth is in some cases greater than the profit our textile manufacturers are making on their product.

Mr. SIMPSON of Pennsylvania. I thank the gentleman. It is very, very serious. I regret only that we did not have that agreement before us when we were considering the bill in conference.

Mr. LANHAM. I wish to enter my solemn protest against it.

(Mr. LANHAM asked and was given permission to extend his remarks in the RECORD following those of Mr. SIMPSON of Pennsylvania.)

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. MASON. Will not the gentleman agree that our State Department for the last 21 years has used the reciprocal trade agreement as an agency or instrument by which they could further their foreign policies at the expense of our own industries and our own people?

Mr. SIMPSON of Pennsylvania. Yes; and they have, as a result, thrown the burden of that foreign policy upon the unemployed today in those little industries, whereas the burden should be borne by all the taxpayers of the country.

Mr. DORN of South Carolina. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. DORN of South Carolina. I have two questions to propound to the gentleman from Pennsylvania: First, is it not true that in their argument for these reciprocal trade agreements they almost constantly urged that in order to keep Japan from going communistic we had to do this, do it in order to keep Japan from trading with Red China?

I was amazed here lately to see a very distinguished Member of the other body who helped pilot this bill through Congress turn around and say: "Now, we have to let Japan trade with Red China." In other words, lower the tariff, weaken the textile industry, the coal industry, the glass industry, the chemical industry, and others, make this concession on behalf of Japan, then turn around and go back on the general understanding and let Japan trade with Red China. In other words, it is a case of the American workers indirectly helping the rehabilitation of the Communist regime in Red China of Chou En-lai and Mao Tse-tung.

Mr. SIMPSON of Pennsylvania. I thank the gentleman. It has seemed strange to me all along that we would permit the countries of Europe to trade behind the Iron Curtain in so-called nonstrategic items, yet over in Asia when Japan wanted to do the same thing, we objected. It is not at all consistent.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. GROSS. In his opening statement the gentleman from Pennsylvania put his finger upon the real issue here; it is not the issue before us today, but the real issue being the recapture by Congress of the power to fix tariffs. I hope the day will come when Congress will recapture it.

Mr. SIMPSON of Pennsylvania. I thank the gentleman.

Mr. GROSS. That will take care of the observation made by the gentleman from Illinois [Mr. Mason], I hope.

Mr. BURNSIDE. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. BURNSIDE. I want to compliment the gentleman for his statement.

(Mr. BURNSIDE asked and was given permission to extend his remarks at this point.)

[Mr. BURNSIDE'S remarks will appear hereafter in the Appendix.]

Mr. FLOOD. Mr. Speaker, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield.

Mr. FLOOD. I would like to compliment the gentleman upon being so gracious with his time and answering our questions to the best of his ability; he is very gracious. The gentleman knows my problem in the hard-coal field. I am trying my best to be for this report. I have always been for these reciprocal trade agreements, and I am trying hard to convince myself I should be for this report. I do not understand what you

mean when you say if anybody were injured that industry can come into court. We can do what after we get there? What do you have to do? May I say that I respect the gentleman's opinion a great deal.

Mr. SIMPSON of Pennsylvania. I am not talking about the coal industry at the moment.

Mr. FLOOD. Let us talk about that one.

Mr. SIMPSON of Pennsylvania. All right, we will talk about the coal industry. At the present time, the coal industry has not been affected by direct cuts in the tariff on coal. It is affected by reason of the importation of residual oil.

Mr. FLOOD. That is correct.

Mr. SIMPSON of Pennsylvania. We are told that by reversing the cuts that have been made in residual oil there would not be sufficient relief given to the coal industry to help it. Some other approach to the problem has to be made. Now, I do not want to conceal anything.

Mr. FLOOD. I know the gentleman will not.

Mr. SIMPSON of Pennsylvania. All we do here is add to the President's previous authority the Office of Defense Mobilization, charged with the defense of the country. In effect we say that if you find something is being imported which is hurting the domestic production of an item essential to our national defense you shall so report to the President. I do not want to speak for all the conferees when I say it was felt that constituted a doubling up, a little outside pressure on the President, by national defense being brought into the issue in such a way that the President and those near him would not neglect this very important question of national defense. The word "shall" is used, meaning that after such findings are made the President shall adjust the imports of such articles to a certain level.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. LANHAM. Mr. Speaker, I shall vote for the adoption of the conference report on H. R. 1 because in my opinion the Senate version of the bill is much to be preferred to the bill as it passed the House.

You may recall that I, together with many others, sought to write into the bill when it was before the House, safeguards for those of our industries threatened with unfair and destructive competition from low paid foreign labor. As I stated at that time, I have always supported a reciprocal trade program, and believe that an expanded program is necessary. However, I do not believe that we should permit the destruction of vital industries in America for the sake of Japan or any other foreign country.

The Constitution makes it the duty of the Congress to regulate commerce between the states and foreign countries. The writing of tariff legislation pursuant to the Constitution became such an involved and technical matter that the Congress set up the Tariff Commission and delegated to the Commission the right and duty to make a detailed study

of the whole tariff problem and to formulate tariff policy after such study and with due regard to changing conditions in our own and foreign countries.

The Reciprocal Trade Agreements Program has turned the writing of such tariff laws over to the Executive Department and the Chief Executive has in turn assigned to the State Department the duty of entering into trade agreements concerning tariffs and import and export quotas. Thus the Congress has surrendered to the Chief Executive and his subordinates a duty that the law places upon the Congress.

Perhaps this was necessary because of ever changing world conditions and the necessity for strengthening the free world against the inroads of communism. And as I say, it may still be necessary that we continue this program.

However, the delegation of this power by the Congress to the Chief Executive should be hedged about by restrictions that will prevent the weakening and eventual destruction of the smaller industries of America. The giant industrial combinations in America now need foreign markets so badly that they all favor free trade. However, to plunge our smaller industries who do not and cannot depend so much on foreign markets into cut-throat competition with low-paid foreign labor, for the benefit of our huge industries such as steel and automobiles is unthinkable.

It is indeed fortunate for the textile industry that the bill was so amended in the other body that the President's power to lower tariffs on textiles was limited to cuts from the basic tariffs that were in effect on January 1 of this year. I say this provision was most fortunate because of the recent trade agreement entered into with Japan lowered drastically and I fear, with serious results to the entire textile industry in this country, tariffs on cotton goods. As a matter of fact, the tariff reductions just negotiated at Geneva in the interest of Japan constitute a staggering blow both to the cotton textile industry and to the cotton growers of the United States.

The range and severity of the tariff cuts are devastating. They hit at 80 percent or more of this country's entire fabric production. The deepest slashes apply to those cloth categories representing the bulk of Japanese output and exports to America.

It is incredible that the State Department could commit this ravishment on one of the Nation's greatest industries, or that the people of the South and New England, where most mills are centered, can tolerate this action.

Having plotted the act in secret proceedings at Geneva, the State Department lacks the courage of honest reporting. For the information of the American people in its official announcement, it states casually:

Among the concessions granted by the United States were moderate reductions of rates on some carefully selected cotton textile items.

The detailed report shows just how moderate the new rates are, and how carefully selected the items.

Here exactly is what was done to the cotton textile industry as outlined by the American Cotton Manufacturers Institute.

All three major categories of countable cotton cloth, embracing about 80 percent of American production were sharply cut.

In the first category which is tariff paragraph 904 (a), cotton cloth, unbleached, valued at not over 70 cents per pound, the reduction was 27 percent. This is the equivalent of about three-fourths of a cent per yard on the most representative print cloth construction. The industry's average profit on this type of cloth was then than one-half cent per yard in 1954.

In the second category which is tariff paragraph 904 (b) cotton cloth bleached, the major cut is applied to fabrics containing average yarn numbers ranging for thirties to fifties. In this grouping fall all print cloth fabrics as well as many others amounting to over half the industry's production. Here the average cut was 48 percent. On the most representative construction, this would be the equivalent of about 1½ cents per yard.

This is the category of major interest to the Japanese. It contains the bulk of their production and the bulk of their exports to the United States. The tremendous size of the tariff cut is for the purpose of nullifying the rate increases made in 1936 by Presidential proclamation, to protect the industry from the Japanese cotton goods invasion at that time. These increases were wiped out and replaced by reductions equivalent to those made in paragraph 904 (a) making a total cut of 48 percent.

The third category, paragraph 904 (c) received the same treatment. Its most important division was reduced by 48 percent.

In addition to these general categories, sharp reductions were made on very important specific items, several of which are as follows:

Cotton table damask from 30 percent to 17½ percent.

Cotton towels, not pile fabric, from 40 percent to 20 percent.

Table and bureau covers, scarfs, napkins from 30 percent to 15 percent.

Sheets and pillow cases from 20 percent to 12½ percent.

Underwear knit from 45 percent to 30 percent.

Outerwear knit from 35 percent to 25 percent.

Cotton chenille rugs from 40 percent to 20 percent.

Other rugs, not elsewhere specified, from 35 percent to 17½ percent.

Terry woven towels from 40 percent to 20 percent.

Since the Japanese find current rates easy to get over, the negotiated rates simply enable the Japanese to cut their rates further, or to widen their profits, whichever they choose. Under these new schedules, our industry is at the disposal of the Japanese. Successful competition is not possible.

(Mr. SCUDDER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SCUDDER. Mr. Speaker, I desire to compliment the conference com-

mittee on the splendid job they have done in arriving at the provisions now contained in H. R. 1. I was thoroughly in disagreement with the bill as it was presented to the House of Representatives, and voted against the same. The Senate rendered a good service to our country in amending this bill in the interest of the American producers and laboring man. I know the conference committee has worked hard in an effort to hold in the bill the vital amendments that were adopted by the Senate. I feel that the bill in its present form has protective provisions, and that a reasonable administration following out the intent of the legislation, can do much in preventing chaos to some of our highly competitive industries. I feel that great progress will be made by the enactment of this legislation, and I am pleased to give my support to the same. I hope that the conference report is agreed to and the bill becomes law.

(Mrs. ROGERS of Massachusetts asked and was given permission to extend her remarks at this point in the RECORD.)

[Mrs. ROGERS of Massachusetts' remarks will appear hereafter in the Appendix.]

Mr. COOPER. Mr. Speaker, I yield the remaining time to the gentleman from Arkansas [Mr. MILLS].

(Mr. MILLS asked and was given permission to revise and extend his remarks.)

Mr. MILLS. Mr. Speaker, I would like to join my colleague, the gentleman from Tennessee [Mr. COOPER] in expressing concern over this conference agreement on H. R. 1. I am concerned because, in my judgment, H. R. 1 as agreed to by the conferees will impose upon one man, the President of the United States, the intolerable burden of withstanding protectionist pressures, on the one hand, and, on the other hand, the responsibility of administering the trade agreements program in such a way as to demonstrate America's firm intention to continue to be an economic partner in the free world.

Frankly, I think we might add that with the exception of the amendment No. 29 adopted by the Senate and agreed to with a technical modification by the conference committee, these amendments do not diminish the discretionary powers of the President. In each instance, and with respect to the escape clause amendment particularly, if the President desires and sees fit to disregard the pressures, if he desires and sees fit to disregard the report and recommendation of the Tariff Commission, there will be no reduction in imports, no increase in the tariff duties, no imposition of quotas. But the thinking behind these amendments on the part of those who advocate their adoption, I dare say, is that no person can withstand the pressures that will be created by these amendments. These advocates are hopeful that somewhere along the way the President must succumb to their pressures.

As evidence of my point with respect to the thinking that has motivated these

amendments, I call your attention to the fact that, if you will read them, you will notice every one of them is calculated to make information available to somebody who has an ax to grind; somebody who can get to the White House or somebody who is connected with the White House to press a point of view. It is for that reason I state that intolerable burdens will be placed upon the President in the form of pressure to grant protectionist relief based upon these easy findings of injury.

These Senate amendments are entirely inconsistent with any statement that the President has ever made on the subject of foreign economic policy. The President has stated that foreign trade is the most important weapon in the hands of the diplomat in America's efforts to preserve the world from further Communist aggression. Now, how he can live in the position in which the advocates of these amendments have placed him is beyond my understanding.

I certainly share the viewpoint of the distinguished chairman of the Committee on Ways and Means that it is to be hoped that the President will find through the guidance of some Power greater than man, a way to achieve our national objectives of progress and peace, and at the same time placate these people within his own party and within my own party who desire to prevent the importation of any goods into the United States.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from West Virginia.

Mr. BAILEY. Had you accepted my amendment and had the Senate accepted my amendment, which would have kept the hands of the President and the State Department off the Tariff Commission, you would not need to express concern about the President's worry about pressures from economic sources to amend the tariff; you would have put it back where it belongs, in the hands of the Congress and in the hands of the Tariff Commission.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Tennessee.

Mr. COOPER. And the adoption of the amendment of the gentleman from West Virginia would have accomplished his purpose admirably by destroying the trade-agreements program.

Mr. BAILEY. I would like to have the gentleman from Tennessee see what happened to West Virginia's economy.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. It is a fact that the bill in its present form in the conference report is not the same bill that the President recommended; is that correct?

Mr. MILLS. The distinguished majority leader is correct. I was coming to that point.

Mr. McCORMACK. And it is a fact that the President surrendered on at least two important amendments?

Mr. MILLS. Well, I think the President surrendered, yes, and I so stated earlier, and I will tell you why I think he surrendered. When this bill, H. R. 1, was considered by the House, as I remember it—and if I am wrong, I will welcome correction—as I remember, my friend from Massachusetts, the very distinguished minority leader, made a very able statement urging the passage of H. R. 1, and he endeavored to assure his colleagues that it was the President's wish that this bill be passed by the House in the form reported by the Committee on Ways and Means. And, he attempted further to assure his colleagues on my left that in the event the bill was passed, industries in the United States would not be injured as a result of the President's administration of the program. I think I have generally stated about what the gentleman from Massachusetts said. Now, if I misquoted him, I yield, of course.

Mr. MARTIN. The gentleman has not misunderstood, but I want to say that in requesting legislation one is obliged at times to yield on some points to secure the legislation.

Mr. MILLS. You can yield in order to obtain legislation, but my concern is whether or not we have yielded a principle in order to get something to which we can give lip service.

Mr. MARTIN. The President of the United States is just as interested as anyone in the protection of industries, and therefore he did not mind giving additional guaranties to do that if the Congress consented to give it to him.

Mr. MILLS. I am sure the President is interested in the trade-agreements program; otherwise you could not believe what he has said on the subject and I certainly believe what he has said.

Mr. MARTIN. Why should the gentleman be concerned, if these industries in the United States have a little more protection. If the President thought they were entitled to it, why should the gentleman worry about that?

Mr. MILLS. I am not concerned about that at all. I want them to have it. I have always said I wanted them to be protected. Some of them have not been protected enough. But I am coming to the point made by the gentleman from Massachusetts [Mr. McCORMACK]. After the bill went to the Senate and before the House conferees even had a chance to meet with the Senate conferees, we were informed in a letter addressed to the chairman of our committee that everything in the Senate bill was acceptable except an amendment offered by the gentleman from Oregon, and that one amendment was not acceptable.

But here is our problem, frankly; and I say this to my friend from Massachusetts, Mr. MARTIN. Here is our problem. We were called upon to do a specific job in the Committee on Ways and Means. We were told that it was contrary to the position of the President and the administration to amend H. R. 1 in any respect. They wanted it just as the Randall Commission had decided it should be. Those of us in this Chamber

will recall when we were debating H. R. 1 that we were assured the legislation in the form in which it passed the House had the support of the administration. We were told by the administration that we should not amend H. R. 1. The Senate in its consideration of this legislation adopted 29 amendments and of those amendments, there were several that were protectionist in their tenor. We were then told by the administration that the Senate version of H. R. 1 was better than the House version.

It was the intention of the House conferees in going to conference on H. R. 1 to carefully examine the implications of these Senate amendments. However, before the conferees could even arrange a meeting, the chairman of our committee received the letter from the White House which expressed the administration's approval of all the Senate amendments except for the one amendment, adopted on floor of Senate, which offered to America's agriculture an opportunity to apply for escape clause relief in instances where imports were injuring domestic producers. I refer to the Senate amendment to the escape clause which would have permitted the producer of raw materials or component parts of an article to maintain an escape clause action with respect to the importation of the end product.

This letter from the White House, which we must assume expressed the views of the President of the United States, rendered it virtually impossible for the House conferees to achieve any measure of success in their efforts to restore H. R. 1 to the form in which it passed the House—the form in which the President first stated he wanted the legislation passed.

The House conferees had no opportunity, as a result of the White House letter, as a result of the President's change in position, to obtain any improvement—that is, from our point of view—in the language of the amendments adopted in the Finance Committee.

I do not think, in fairness to a legislative body, that one branch of the Congress ought to be put in the position of having its hands tied.

Mr. MARTIN. I take it, then, that the gentleman, if he had not had the White House letter, about which he is so much concerned, would have made for more free trade than provided in the bill as it came out of the committee.

Mr. MILLS. I would have made it more like the bill which the gentleman from Massachusetts [Mr. MARTIN], endorsed in a long speech on the floor of the House when we were considering it. His views and my views at that time were the same.

Mr. MARTIN. The gentleman is getting away from my question. My question is that the gentleman was concerned because the letter prevented him from making certain changes. My question is, What changes would he have made?

Mr. MILLS. I would have made some changes in amendment 28 and amendment 29, that we could not obtain, very frankly.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. As a matter of fact, the letter did not come from the President. It came from Gerald D. Morgan, stating the administration's viewpoint. It was a letter to the chairman of the committee. But the letter itself the President did not sign.

Mr. MILLS. But we must assume that it reflected the President's position at that time.

Mr. McCORMACK. Yes; but at least courtesy called for him to sign it.

Mr. MILLS. I do not want to get into that.

Mr. McCORMACK. I do.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Ohio.

Mr. JENKINS. I wanted to ask the gentleman this question. The gentleman has mentioned communism and his colleague mentioned communism. Is it not true that the word "communism" was not mentioned at any time, in any way, in any shape or form, in our deliberations in the conference committee? At no time was it mentioned.

Mr. MILLS. I do not remember that, but if that is so, it was one of the few conferences where it had not been mentioned.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Tennessee.

Mr. COOPER. The President made frequent references to communism in his message recommending this legislation.

Mr. MILLS. I remember that quite well. If I may proceed, I referred to amendment 28 and amendment 29. I fear, as a result of what we have done in this conference report, we may have destroyed the effectiveness of the very agency of the Government that those who desire protection the most have endeavored to give increased powers. We have created a situation where the Tariff Commission is straitjacketed into having to find injury almost any time there has been an increase in imports and there has been a decline in the domestic industry. That is almost the case. We do not go quite that far. But here the President of the United States is the final arbiter, the man who makes the final decision as to whether or not there shall be relief given to this particular industry that says it is injured. When we tie the hands of the Tariff Commission and make it less likely that the Tariff Commission has gone into all the facts and given all the weight that should be given to all of the various factors pertinent to an escape-clause proceeding, we run the risk of establishing greater differences in the criteria for Tariff Commission findings from the criteria used by the President. We may well ask ourselves, do we create in the President's mind the idea that he can place greater reliance or less reliance upon the Tariff Commission itself?

I think we have worked in reverse, actually, in this conference report. We have not strengthened the position of the Tariff Commission in this matter. We have weakened the position of the Tariff Commission in the final analysis in the weight its findings will have upon the President of the United States.

The President in many cases in the past has looked beyond the Tariff Commission to some other agency of Government. He has had reasons submitted to him why the relief suggested by the Tariff Commission should not be granted. In those instances he has seen fit to go along with some agency of Government other than the Tariff Commission. We are placing him in a position of doing that in the future more often than heretofore. Therefore, we are making the Tariff Commission less effective and perhaps weakening the escape-clause procedure.

While the members of the House of Representatives may disagree as to the level of protection that is necessary for America's industry, I believe we all agree that it is essential that America's foreign economic policy contain continuity and stability. These characteristics of continuity and stability are necessary not only from the standpoint of our domestic industry, agriculture and labor but they are also important from the standpoint of those countries who are our allies and economic partners.

Because of the need for continuity and stability in our foreign economic policy, I have been greatly disturbed by the posture assumed by the administration with respect to H. R. 1.

The President of the United States has repeatedly gone on record stating the vital need for an expanded level of foreign trade. In his message to the Congress of April 7, 1953, on the extension of the Reciprocal Trade Agreements Act, the President said:

Our trade policy is only one part, although a vital part, of a larger problem. This problem embraces the need to develop, through cooperative action among the free nations, a strong and self-supporting economic system capable of providing both the military strength to deter aggression and the rising productivity that can improve living standards.

Following that message to Congress, the President accepted a 1-year extension of the trade agreements authority and the establishment of a Commission on Foreign Economic Policy.

On March 30, 1954, in a message to the Congress setting forth his views with respect to the foreign economic policy of the United States, the President said:

The national interest in the field of foreign economic policy is clear. It is to obtain, in a manner that is consistent with our national security and profitable and equitable for all, the highest possible level of trade and the most efficient use of capital and resources. That this would also strengthen our military allies adds urgency. Their strength is of critical importance to the security of our country.

Again the President gratefully settled for a 1-year extension of the trade-agreements authority.

After obtaining two 1-year extensions of the trade-agreements authority, early in this Congress the President sent another message to the Congress of January 10, 1955, which was captioned "Further Developing the Foreign Economic Policy of the United States." In that message the President stated as follows:

The Nation's enlightened self-interest and sense of responsibility as a leader among the free nations require a foreign economic program that will stimulate economic growth in the free world through enlarging opportunities for the fuller operation of the forces of free enterprise and competitive markets. * * * Mutually advantageous trade relationships are not only profitable, but they are also more binding and more enduring than costly grants and other forms of aid.

Against that background of Presidential platitudes and inaction on the part of the 83d Congress, the present Congress undertook to give effect to a liberalization of our reciprocal-trade program.

The House of Representatives passed H. R. 1 in a form which proffered increased jobs and markets to America's labor, industry, and agriculture through expanded international trade. Perhaps even more important is the fact that the House-passed version of H. R. 1 would give to our free-world allies assurance that America was not attempting to pursue a policy of economic isolationism while at the same time seeking the support of the other free nations in the stand against communism.

The House took this action with the express blessings of the President of the United States.

But apparently the Senate protectionist amendments were also adopted with the approval of the President.

The Senate amendment in H. R. 1 to the escape-clause provision of the trade-agreements law would have inevitably resulted in a greatly increased number of escape-clause recommendations by the Tariff Commission. This amendment would have made the escape clause available in instances where the contribution of increased imports to the difficulties of a domestic industry were not a significant cause of such difficulties. The House conferees secured a change in this amendment which I believe will help, to some extent, to avoid unwarranted use of the escape-clause procedures. This change will require that the increased imports must have a causal relationship to the serious injury sustained by the domestic industry. This is not as much of a change as I would have desired, because I still feel that there will be an increased number of Tariff Commission recommendations going to the President.

Similarly, the general commodity amendment adopted by the Senate which requires the President to take such action as he deems necessary to adjust imports where he finds that an article is being imported in such quantities as to threaten to impair the national security will place additional burdens on the President of determining whether or not to grant a domestic industry increased tariff protection.

It is my view that the President must very carefully administer these provi-

sions to make certain that our trade-agreements program is operated in a manner that is consistent with America's foreign policy. He must carefully examine recommendations for increased tariff protection to make certain that the facts in the case warrant the recommended protection and that such action is in the national interest. The President must administer the trade-agreements program to provide for the development and growth of our domestic economy while at the same time strengthen our relations with the free world.

In spite of the concern I have with respect to the conference report, I assure the Members of the House that this is the best conference report your conferees were able to obtain, and this is the best we could have obtained had we stayed in conference until Christmas of this year. I urge the adoption of the conference report.

Mr. SPRINGER. Mr. Speaker, throughout the debate on this conference report there has been an attempt by several Members to make it appear that the President is not for reciprocal trade.

Among those most prominent have been the distinguished majority leader, the gentleman from Massachusetts [Mr. McCORMACK], and my good friends, the gentleman from Tennessee [Mr. COOPER], and the gentleman from Arkansas [Mr. MILLS]. The latter two will recall that I have always supported the Reciprocal Trade Agreements Act when it has been up for extension. I believe I was the only Member of the House to testify before the Ways and Means Committee for H. R. 1, without amendment. Those two gentlemen will recall my words at the time I testified for the bill and stated that I believe it should be passed unamended.

My views on this subject were the same as those of the gentleman from Tennessee and the gentleman from Arkansas, as well as the President of the United States. I do not believe that any of the four of us have altered our viewpoint on the desirability of H. R. 1 as it was originally introduced.

May I recall to the Members of the House that the President had no part in the making of this legislation. When this bill reached the Senate it was impossible to have passed H. R. 1 as it left the House and went to the other body. When this impasse was reached, it was necessary for the President to determine whether or not he could or should accept certain modifications that were imperative to be made in the other body if a bill was to be passed there. The President reluctantly came to the conclusion that if the Trade Agreements Extension Act of 1955 was to be passed he would have to be willing to accept some modification of H. R. 1 as originally written.

I am sure the President did not want to accept those amendments. I did not want to accept some of them. I am sure that the distinguished chairman of this committee, the gentleman from Tennessee, nor the gentleman from Arkansas wanted to accept those amendments.

However, we are faced today with the practical problem of either extending the act or allowing it to expire.

I, for one, believe that the bill should be passed, even though it may not be exactly to my liking. In view of the excellent record which the President has made in the past in standing for reciprocal trade, I certainly do not believe it now well for Members to belabor the President because he cannot get exactly the bill he wants, when this bill, in its overall aspect, is meritorious. I believe the President has taken the only honorable course he could take under the circumstances and should be commended for what he has already done and is attempting to do now in getting the Reciprocal Trade Agreement Act extended during this session.

Mr. HENDERSON. Mr. Speaker, this report of the conference committee on H. R. 1 appears to offer relief to certain industries who can establish a case of great injury. If the report is adopted, I hope that such safeguards do actually bring the promised relief. However, many of the industries in the 15th District of Ohio may be seriously injured by the lowering of trade restrictions as the main provisions of the bill provided, and would saddle those industries with the necessity of seeking a remedy which may not work in their behalf. Rather than place the pottery, glass, tile, coal, and oil industries of southeastern Ohio in a position of greater peril from which they must seek to rescue themselves by employing untried safeguards, I would prefer to take a position in opposition to the entire measure.

Mr. KELLEY of Pennsylvania. Mr. Speaker, reciprocal trade has been a splendid idea, and I have supported it in the past. After unsuccessful efforts to have it provide some relief for the coal industry, I am compelled to vote against it.

The purpose of reciprocal trade should not be to permit severe injury to an industry employing many thousands of people. Today we had a vote on the conference report, and I can find, again, that no provision has been made that would protect the industry from the heavy imports of residual oil from Venezuela. The importation of this product has done great damage to the coal industry, and, under this act, it can continue to do so. While some proponents of this measure will point out the industry has means of relief, we find that it is so vague that there is no hope.

In view of that fact and knowing that many hundreds of people in my congressional district are unemployed due to the conditions of the industry, I could not support it.

Mr. FLOOD. Mr. Speaker, in further consideration at this time of the conference report before the House today to accompany H. R. 1, much to my regret I find it necessary for me in all conscience to vote against this conference report which has to do with the Trade Agreements Extension Act of 1955.

Mr. Speaker, when H. R. 1 was before the House for its original consideration in this session, I engaged actively in the

debate and used every means possible to have in some way an assurance given to me by the committee and by the House, that the existing quotas on the importation of residual oil, particularly from Venezuela, would be reduced to some degree to give badly needed protection to the coal industry of the United States. My plea before the House went unheeded; and the present dumping of residual oil in this country strikes at the very heart of America's great, basic fuel potential, which is coal.

From the very beginning my colleagues associated with me in my endeavor to lower the residual oil import quotas felt that we would obtain some consideration in the reduction of these quotas. I even go so far as to say, Mr. Speaker, that I feel strongly and keenly that certain assurances given to me on this problem were not lived up to.

I have never before, from the very beginning of House consideration on these reciprocal trade bills, when a Member of the House, failed to support this kind of legislation; and my first vote against this kind of legislation was when H. R. 1 was originally before the House. I had hoped against hope and said so on the floor—and said so to Members of the Senate—and said so to members of the House Ways and Means in conference with the Senate on this bill, that something would be done in the Senate and/or in the conference which would permit me to vote for a conference report on this legislation so important to the general welfare. It is unnecessary to point out to me after my years of support for reciprocal trade the national and international significance of this law. When I first came to this House in 1944, Mr. Speaker, I was a member of the Foreign Affairs Committee of this House and spoke and fought on the floor and in the committee for this legislation; and I did the same in every session ever since.

Mr. Speaker, every Member of this House knows that I have dedicated myself to the betterment of the desperate economic conditions which exist in the coalfields of this Nation, and particularly am I concerned with the anthracite coalfields of northeastern Pennsylvania. This House has graciously listened to me for years, begging and pleading for help for the coalfields, the coal industry, the mineworkers, and the general economy of our area. Except for a few puns, these pleas have gone unheeded; and for reasons unknown to me and to my people, the Federal Government has turned a deaf ear and we have been abandoned to our own resources and survive only because of the courage and determination of our people to survive.

And so it is, Mr. Speaker, today, faced with all of these things, did I decide to vote no on this conference report, because this Congress once again in this bill has refused even to give us in the coalfields a widow's mite. The Congress in this bill and even in this conference report has once again dashed our hopes, and there is nothing in the language of the bill or the report which can be tortured into a promise of aid to the coal industry in the form of a re-

duction in the quota of imports of residual oils.

Mr. BAILEY. Mr. Speaker, I find myself in complete disagreement with the gentleman from Tennessee, the chairman of the Ways and Means Committee in his evaluation of the Senate amendments to H. R. 1. In my judgment these amendments are defective indeed, but for exactly the opposite reason advanced by the chairman of the Ways and Means Committee.

He is alarmed at the prospect of our industry and agriculture and the workers employed by them obtaining protection against import competition too easily. I may say that I have had experience with the escape clause and its present administration, and can assure you that there is nothing easy about obtaining relief under it.

It is precisely because under the present system the escape clause has not functioned that a change in its administration has become necessary. If its presence on the statute books is not to be an insult to the intelligence of all who have reason to have recourse to the Tariff Commission for a remedy against unfair import competition, the administration of this clause must be greatly improved.

As it stands, less than 10 percent of the cases result in a remedy. Over 50 cases have come before the Tariff Commission since 1951 when the escape clause was first enacted into law. In only 5 cases, 3 of them very minor, has relief been granted. Altogether the Commission recommended restoration of the duty or imposition of an import quota in 15 cases.

What happened to 10 of the 15?

The President rejected the Tariff Commission recommendations. That is why the batting average across the board has been so low, that is, less than 10 percent. This is a travesty on administration. Congress must be regarded very lightly, indeed, if its laws are to be given less than 10-percent enforcement. Is our judgment so poor that the President must overrule the agency that administers our law in 2 cases out of 3?

Yet that is the record.

The question arises whether we mean to legislate when we legislate.

Two amendments adopted by the Senate would improve the escape clause so far as Tariff Commission administration is concerned:

First. The term "industry" is redefined to prevent nullification of the law if imports strike a particular product on which the tariff has been reduced. The workers who are displaced by imports of a given product or laid off suffer injury even if the industry making the product may also manufacture other articles, some of them unrelated. The remedy provided by law should obviously be aimed at removing the injury caused by a tariff reduction. While some larger companies may recoup their losses through profits from other products, this does not help either the workers or the smaller companies that have all or many of their eggs in one basket.

The Senate amendment makes the remedy available where it is necessary

and not only if the larger companies in an industry need it. We hear much talk about small business. This amendment does something about it in this particular field.

Second. The other escape-clause amendment adopted by the Senate makes it clear that the economic difficulty in which an industry finds itself need not be attributable solely to import competition.

This also represents an improvement in the law. An industry that is in trouble economically may suffer from several sources. Import competition may then greatly aggravate the situation. If a remedy could not be applied merely because there were other causes of injury than imports the industry would be deprived of important weapons in working its way out of difficulty. Import competition might become the very stumbling block preventing success.

While these amendments represent definite improvements in the law, they fall short for one principal reason: The final decision in a Tariff Commission recommendation is left in the White House. This can only mean that the State Department will continue to exercise its veto power over the intent of Congress as expressed in tariff legislation.

The Reed recommittal motion failed in this body by a vote of 206 to 199 or by a margin of only 7 votes. Had the motion been sustained the findings of fact of the Tariff Commission would have been final, as they should be. Judicial review alone should be depended upon to determine whether the Commission's factual information has provided sufficient evidence to support the Commission's recommendations. The Chief Executive should not perform judicial functions.

Under the Senate amendment this undesirable practice is not corrected. This must be done if the administration of the escape clause is to be placed on a proper legal basis. The Executive has been playing fast and loose with the Tariff Commission, in some instances expressing a total lack of confidence in its findings. This is not only not justified, but is an invasion of the legislative function.

I would also like to make some observations at this point about the conference report accompanying H. R. 1.

I see no calculable improvement in the amendments that would assure relief to our domestic industries essential to the national security suffering from injurious import competition.

Section 7 (B) provides that industries may have recourse through the Office of Defense Mobilization if national security is involved.

Let us take a look at this procedure.

If, for example, the Director of the Office of Defense Mobilization has reason to believe that residual oil is being imported into the United States in such quantities as to threaten to impair the national security he shall so advise the President. Nothing is set forth about the standards or elements the Director

is to use in order to reach a conclusion. The amendment does not stipulate.

But let us assume that on the broad and vague basis provided by the bill, he finds reasons to believe that the national security is imperiled, he duly advises the President. Then we have the next step. If the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. Who then would make the investigation? The amendment does not specify.

If we assume that a qualified agency would make an investigation and should find the existence of facts that would warrant a remedy: Would the recommendations in view of factual evidence be mandatory on the President? No. The President could take such action as he deems necessary, despite factual evidence. Nor does the amendment specify any time limit in which the President is to make a decision.

In the last analysis the final decision is left entirely to the discretion of the Executive, and Congress, regardless of any justified pleas, can again be completely ignored.

To sum up: The escape-clause amendments adopted by the Senate will improve Tariff Commission administration but still leave the final decision to the White House. Only time will tell whether the President will heed the warning contained in this bill. If he does not do so, Congress will know how to legislate on this subject next year.

Mr. DORN of South Carolina. Mr. Speaker, President Eisenhower sometime ago said that a bridge of good will to foreign lands could be built on reciprocal trade. In the terms of the trade agreement with Japan by the United States through GATT and this reciprocal trade bill today, this administration apparently intends to build a bridge to foreign lands over the bodies of the textile workers and cotton farmers of America.

I voted against reciprocal trade last year. I voted against this bill in the House this year and will vote against this conference report. I cannot with good conscience let this opportunity pass without telling you that reciprocal trade as administered can destroy the textile industry of the United States. The first ones to suffer will be the textile employees, coal miners, glassworkers, chemical workers, and many other people throughout the Nation. I thought the idea behind reciprocal trade was that America would sell surplus goods, farm and industrial, to nations with surplus goods in different categories. No one has insisted that Brazil import raw coffee or that Japan should import silk or that Costa Rica and Honduras should import bananas. That would be absurd. I maintain, Mr. Speaker, that it is just as ridiculous for the United States under any trade agreement to have to import textile goods. We are the world's greatest producers of textiles and textile by-products. We should be exporting these goods to the far corners of the world. We, in turn, could import rubber, coffee, cocoa, aluminum, and many other commodities that our people need.

The recent agreement by GATT lowering our tariff duty on Japanese cotton textile goods is a classic example of how reciprocal trade is being administered by the internationalists and one-world dreamers.

For the first time since the years before the War Between the States, the Southeast is emerging into a period of prosperity, due principally to our great textile industry. Now, for the first time, our workers have adequate food, clothing, and beautiful homes. It passes strange to me that at this very moment, our Government would enter into agreements that might well destroy this prosperity and our standard of living. The State of West Virginia is in a depression today, due to the administration of reciprocal trade. Pennsylvania is in a slump and I predict to you today that under the terms of this bill and the recent agreements, South Carolina, Georgia, North Carolina, and Massachusetts will be next. When our textile industry is visited with unemployment and curtailment, then the cotton farmer throughout the Nation will likewise suffer.

I firmly believe that this is part of a policy advocated in the State Department which will lead to one-world currency, a sharing of America's wealth and an exodus of mills and industries to foreign lands to take advantage of slave labor. The internationalists hope to develop India, Indonesia, Japan, and other countries at the expense of America under the pretense of stopping communism. The same group, when this policy is finally adopted, and even before, will immediately clamor for trade with Red China and Red Russia. It will be the old story again of "scrap iron to Japan." We will sacrifice our domestic industries on the altar of international trade and indirectly build up the economies of the godless Soviet Union and the ruthless Red war lords of China.

If we really want to fight communism today, then our first duty should be to protect our American industries. Keep America strong as America is the foundation stone of freedom everywhere and the heart and core of the free world. If America becomes weak and our people unemployed, then Japan, England, France, and all of our so-called allies will be weakened.

I predict that after these reciprocal-trade agreements become fully effective, there will be a clamor for trade with the Communists and this will be agreed to and then there will be tremendous pressure for admission of Red China to the United Nations. I am unalterably, violently opposed to this conference report and this entire bill because it is a fraud on the American people in the name of reciprocal trade.

Mr. FLYNT. Mr. Speaker, I rise in opposition to the acceptance of the conference report on H. R. 1. In the face of what has recently taken place in secret negotiations at Geneva in the General Agreement on Tariffs and Trades, I feel compelled to vote no as a protest against the sellout of American employees and American industry.

It is perhaps unknown to a great many members of this body, but existing tariffs on towels, cotton sheeting, gray goods and many other forms of cotton textiles have already been cut in half as a generous gesture toward the Empire of Japan.

The recent tariff negotiations and reductions at Geneva in the interest of Japan constitute a staggering blow both to the cotton textile industry and to the cotton growers of the United States.

The extent of the effects of these reductions and negotiations cannot be fully determined at this time; but we do know that the range and severity of the tariff cuts are devastating. They hit at 80 percent or more of this country's entire fabric production. The deepest slashes apply to those cloth categories representing the bulk of Japanese output and exports to America.

It is incredible that the State Department could commit this ravishment on one of the Nation's greatest industries, or that the people of the South and New England, where most mills are centered, can tolerate this action.

The conference at Geneva which took place under the name and style of GATT, which incidentally may become as infamous a name as Benedict Arnold, was conducted in secret as all too many international agreements are conducted in secret.

Having plotted the act in secret proceedings at Geneva, the State Department lacks the courage of honest reporting. For the information of the American people in its official announcement, it states casually:

Among the concessions granted by the United States were moderate reductions of rates on some carefully selected cotton textile items.

If the reductions and concessions which were made can be described as moderate, then we might as well say that the H-bomb can be compared with a Chinese firecracker.

The detailed report shows just how moderate the new rates are, and how carefully selected the items. On unfinished cotton cloth the rates were reduced 27 percent, notwithstanding previous textile tariff cuts during the course of the reciprocal trade program. On bleached, dyed, and printed goods, the cuts averaged much deeper and may go on as high as 50 percent. It is possible that when all the facts are known that we in this country will find that 80 percent of the cotton textile items are among those on which the tariff rates will be reduced from 27 to 50 percent.

As for fabrics having average yarn numbers ranging from 30's to 50's, the reductions are in excess of 48 percent. This range of goods contains the very heart of American cotton textile production, such as print cloths, broadcloths, poplins, oxfords, twills, and similar fabrics.

From this range of goods is drawn 75 to 80 percent of the cotton fabrics worn by the American people. This vital segment of the industry, already sorely taxed by Japanese competition, is now forced to take tariff cuts which are the

equivalent of as much as three-fourths to 1½ cents per yard. Translated into prices, they would represent more than the current profit margin of the industry from the production of standard goods.

For the Japanese who already have a profit on their exports to the United States, these reduced tariff rates merely represent a heavy addition to profit, and set up the incentive to monopolize the American markets.

The people of the United States are now consuming practically 100 percent American cotton. Japanese textiles are two-thirds foreign cotton from India, Brazil, and other countries. The State Department has set the stage for the displacement of American cotton by foreign cotton and the elimination of the last great customer of the American cotton farmer.

This entire agreement strikes at the very heart and vitals not only of the textile industry but of the cotton-growing segment of American agriculture. It may inflict damage upon the cotton farmer, the cotton manufacturer, the cotton processor and the textile employee from which recovery may not be had during the lifetime of any of us assembled here.

During the debate on H. R. 1 in this House, I stated then and I reiterate now that I for one want to do all that is reasonable and all that is right and all that is just to rehabilitate our former enemy, Japan, but I am not willing to do so by sacrificing American men and women who are employed in the textile industry or any other industry in this country.

During the debate on H. R. 1 when it was passed by this House earlier this year the advocates of free trade cited Commerce Department figures which minimized the extent of Japanese textile imports into this country. These figures were presumably prepared by the Commerce Department. This same Department now admits that the earlier figures and other figures which were submitted to the Randall Commission and quoted by the advocates of H. R. 1, were grossly understated and that some Japanese textile imports for the most recent reporting period were as much as 10 times greater than the figures they showed and reported.

Mr. Speaker, I feel that the time has come for us to give more consideration to people at home and to the principles of Americanism than to grabbing hold of moonbeams and fantastic ideas that we can or should support the rest of the world at the sacrifice of ourselves and our fellow Americans.

It is highly possible that a great many of my colleagues who voted with me in opposition to H. R. 1 when it was before this House in January may see fit to approve and to vote for the conference report as submitted. With them I have no quarrel because I know they are voting their convictions just as I am voting mine, but I think that we should stop and consider the far reaching effects of this entire bill both as it was in its original form and as it is now. The mere fact that the sting of the viper may be less venomous than the bite of an asp, it is none the less fatal and destructive.

So it is with this modified and amended H. R. 1. It can conceivably strike at the life's blood of the employment of many men and women who are now gainfully employed in the industry which they know best—not only the textile industry with which I am most familiar, but also with coal, glass, chemicals and certain metal products. It can mean that Americans who today enjoy a comfortable and high standard of living will be reduced to places on relief rolls or subjected to wage reductions and short time simply to satisfy the advocates of certain international agreements on tariffs and trade.

While it is true that the present form of H. R. 1 may not be as bad as it was before and it may not have the devastating effects which we dread and which we fear, at the same time I cannot by my vote or by my action give even tacit approval to a bill which may bring about great unemployment in the area in which I live and in the district which sent me to Congress and in many other parts of the Nation as well. I, therefore, Mr. Speaker, must and will vote no on the motion to agree to the conference report.

Mr. COOPER. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. COOPER. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 347, nays 54, not voting 33, as follows:

[Roll No. 83]

YEAS—347

Abbitt	Broyhill	Dondero
Abernethy	Buchanan	Donohue
Addonizio	Buckley	Donovan
Albert	Burdick	Dorn, N. Y.
Alexander	Burleson	Dowdy
Alger	Bush	Doyle
Allen, Calif.	Byrne, Pa.	Durham
Allen, Ill.	Byrnes, Wis.	Edmondson
Andersen,	Cannon	Ellsworth
H. Carl	Carlyle	Engle
Andresen,	Carnahan	Evins
August H.	Carrigg	Fallon
Andrews	Cederberg	Fascell
Anfuso	Celler	Feighan
Arends	Chase	Fernandez
Ashley	Chelf	Fine
Ashmore	Chenoweth	Fino
Aspinall	Christopher	Fisher
Auchincloss	Chudoff	Fjare
Avery	Church	Fogarty
Ayres	Clark	Forand
Baker	Cole	Ford
Baldwin	Cooper	Forrester
Barden	Corbett	Fountain
Barrett	Coudert	Frelinghuysen
Bass, N. H.	Cramer	Friedel
Bass, Tenn.	Cretella	Fulton
Bates	Crumpacker	Gamble
Beamer	Cunningham	Garmatz
Becker	Curtis, Mo.	Gary
Belcher	Dague	Gathings
Bell	Davidson	George
Bennett, Fla.	Davis, Ga.	Gordon
Berry	Davis, Tenn.	Granahan
Blatnik	Davis, Wis.	Grant
Blitch	Dawson, Ill.	Green, Oreg.
Boggs	Dawson, Utah	Gregory
Boland	Deane	Griffiths
Bolton,	Delaney	Gwinn
Frances P.	Dempsey	Hagen
Bonner	Denton	Hale
Bosch	Derounian	Haley
Bowler	Devereux	Halleck
Boykin	Dies	Harden
Boyle	Diggs	Hardy
Brooks, La.	Dixon	Harris
Brooks, Tex.	Dodd	Harrison, Nebr.
Brown, Ga.	Dollinger	Harrison, Va.
Brownson	Dolliver	Harvey

Hays, Ark.
Hayworth
Hébert
Herlong
Hess
Hiestand
Hill
Hoeven
Hoffman, Ill.
Holifield
Holmes
Holt
Holtzman
Horan
Hosmer
Huddleston
Hull
Hyde
Ikard
Jackson
Jarman
Jenkins
Jennings
Jensen
Johnson, Calif.
Johnson, Wis.
Jonas
Jones, Ala.
Jones, Mo.
Jones, N. C.
Judd
Karsten
Kean
Kearns
Keating
Kelly, N. Y.
Kilburn
Kilday
Kilgore
King, Calif.
Kirwan
Klein
Kluczynski
Knutson
Krueger
Laird
Landrum
Lanham
Lankford
Latham
LeCompte
Lesinski
Lipscomb
Long
Lovre
McConnell
McCormack
McCulloch
McDonough
McDowell
McMillan
Macdonald
Machrowicz
Mack, Ill.
Mack, Wash.
Madden
Magnuson
Mahon

Adair
Bailey
Bennett, Mich.
Betts
Bolling
Bow
Bray
Brown, Ohio
Budge
Burnside
Byrd
Clevenger
Coon
Dorn, S. C.
Fenton
Flood
Flynt
Gavin

Baumhart
Bentley
Bolton,
Oliver P.
Canfield
Chatham
Chiperfield
Colmer
Cooley
Curtis, Mass.
Dingell
Eberhart

Mailliard
Marshall
Martin
Matthews
Meador
Merrow
Metcalf
Miller, Md.
Miller, Nebr.
Miller, N. Y.
Mills
Minshall
Morano
Morrison
Moss
Multer
Murray, Ill.
Murray, Tenn.
Natcher
Norblad
O'Brien, Ill.
O'Brien, N. Y.
O'Hara, Ill.
O'Hara, Minn.
O'Neill
Osmer
Ostertag
Passman
Patman
Pelly
Pfost
Phillips
Pilcher
Pillion
Poage
Poff
Powell
Preston
Price
Prouty
Quigley
Rabaut
Radwan
Rains
Ray
Reece, Tenn.
Reed, Ill.
Rees, Kans.
Reuss
Rhodes, Ariz.
Rhodes, Pa.
Riehlman
Riley
Rivers
Roberts
Robeson, Va.
Robson, Ky.
Rodino
Rogers, Colo.
Rogers, Fla.
Rogers, Tex.
Rooney
Roosevelt
Rutherford
Sadlak
St. George
Schenck
Schwengel

NAYS—54

Gentry
Gray
Gross
Hand
Hays, Ohio
Henderson
Hoffman, Mich.
Johansen
Kearney
Kee
Kelley, Pa.
Knox
Lane
McGregor
McIntire
Mason
Mollohan
Morgan

NOT VOTING—33

Elliott
Frazier
Green, Pa.
Gubser
Hesilton
Hillings
Hinshaw
Hope
James
Keogh
King, Pa.
McCarthy

Scott
Scrivner
Scudder
Seely-Brown
Selden
Sheehan
Shelley
Sheppard
Shuford
Sieminski
Sikes
Simpson, Ill.
Simpson, Pa.
Sisk
Smith, Miss.
Smith, Va.
Spence
Springer
Steed
Sullivan
Taber
Talle
Taylor
Teague, Calif.
Teague, Tex.
Thomas
Thompson, La.
Thompson,
Mich.
Thompson, N. J.
Thompson, Tex.
Thomson, Wyo.
Thornberry
Tollefson
Trimble
Tuck
Tumulty
Udall
Vanik
Velde
Vinson
Vorys
Vursell
Wainwright
Walter
Watts
Weaver
Westland
Wharton
Whitten
Wickersham
Widnall
Wier
Wigglesworth
Williams, Miss.
Williams, N. J.
Willis
Wilson, Calif.
Wilson, Ind.
Winstead
Withrow
Wolcott
Wright
Yates
Young
Younger
Zablocki
Zelenko

Nelson
Nicholson
O'Konski
Patterson
Perkins
Philbin
Rogers, Mass.
Saylor
Scherer
Short
Siler
Smith, Kans.
Smith, Wis.
Staggers
Utt
Van Pelt
Van Zandt
Williams, N. Y.

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Baumhart against.
Mr. Bentley for, with Mr. Wolverton against.

Until further notice:

Mr. Polk with Mr. Heselton.
Mr. Elliott with Mr. James.
Mr. Eberharter with Mr. McVey.
Mr. McCarthy with Mr. Canfield.
Mr. Miller of California with Mr. Chipfield.
Mr. Moulder with Mr. Curtis of Massachusetts.
Mr. Chatham with Mr. Gubser.
Mr. Dingell with Mr. Hillings.
Mr. Frazler with Mr. Hinshaw.
Mr. Priest with Mr. Reed of New York.
Mr. Green of Pennsylvania with Mr. Mumma.
Mr. Colmer with Mr. King of Pennsylvania.
Mr. Cooley with Mr. Oliver P. Bolton.
Mr. Richards with Mr. Hope.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 37. Concurrent resolution requesting the President to return to the Senate the enrolled joint resolution (S. J. Res. 60) directing a study and report by the Secretary of Agriculture on burley tobacco marketing controls, and providing for a change in the reenrollment of said joint resolution.

REAFFIRMING THE DESIRE OF THE AMERICAN PEOPLE FOR PEACE

Mrs. FRANCES P. BOLTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution (H. Con. Res. 157) reaffirming the desire of the American people for peace.

There being no objection, the Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress reaffirms the deep desire of the people of the United States for an honorable and lasting peace, and expresses the hope that the people of all the nations of the world join with the people of the United States in a renewed effort for peace.

SEC. 2. The President is requested to convey an expression of such reaffirmation and such hope to the representatives of the nations gathered in San Francisco to commemorate the 10th anniversary of the founding of the United Nations.

The resolution was agreed to, and a motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mrs. FRANCES P. BOLTON. Mr. Speaker, I ask unanimous consent that all Members who so desire may extend their remarks at this point in the RECORD on House Concurrent Resolution 157.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mr. HENDERSON. Mr. Speaker, House Concurrent Resolution 157, which the Honorable FRANCES P. BOLTON has introduced and called up for immediate consideration, is one which should have the support of every Member of Congress. It is an expression of fervent hope for peace by the greatest legislative body in modern civilization. Not only is it an expression of hope for peace, but it is also a statement that this legislative body is dedicated to peaceful purposes, determined to legislation in the interest of peace, and that in its further deliberations and actions, the prevailing question will ever be, Will this particular policy or legislative measure help to further the interests of peace?

Our dangers are real enough and the world is close enough to a fighting war that we must often subordinate political and personal views and theories for the salvation of America.

BURLEY TOBACCO MARKETING CONTROLS

Mr. ABBITT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution (S. Con. Res. 37) requesting the President to return to the Senate the enrolled joint resolution (S. J. Res. 60) directing a study and report by the Secretary of Agriculture on burley tobacco marketing controls, and providing for a change in the reenrollment of said joint resolution.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. MARTIN. Mr. Speaker, reserving the right to object, and I am not going to object, I understand this has been approved unanimously by the Committee on Agriculture and all concerned.

Mr. ABBITT. That is right.

Mr. MARTIN. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the resolution, as follows:

Resolved, by the Senate (the House of Representatives concurring), That the President of the United States be, and he is hereby, requested to return to the Senate the enrolled joint resolution (S. J. Res. 60) directing a study and report by the Secretary of Agriculture on burley tobacco marketing controls; that if and when returned the action of the Speaker of the House of Representatives and the President pro tempore of the Senate in signing the said joint resolution be, and the same is hereby, rescinded; and that the Secretary of the Senate be, and he is hereby, authorized and directed to reenroll the said joint resolution with the following change, namely: In lieu of the date "July 1, 1955" insert "November 1, 1955."

The resolution was agreed to, and a motion to reconsider was laid on the table.

SPECIAL ORDER GRANTED

Mr. MACDONALD asked and was given permission to address the House today for 30 minutes, following any special or-

ders heretofore entered, and to revise and extend his remarks and include extraneous matter.

SPECIAL ORDER GRANTED

Mr. MACK of Illinois asked and was given permission to address the House today for 15 minutes, following the legislative program and any special orders heretofore entered.

MINIMUM WAGE LEGISLATION

(Mr. VANIK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. VANIK. Mr. Speaker, on Thursday, June 2, 1955, I appeared before the House Education and Labor Committee in support of legislation to increase the minimum wage to \$1.25 per hour with the broadest kind of coverage.

I did not appear before the committee as an expert economist but as the representative of a community which is predominantly one of workers in industry. Although most of these workers are not affected by the proposed minimum wage legislation, I was astonished by the great numbers of workers in my district who would be helped. Our last increase of the minimum wage took place in 1949. If 75 cents per hour was determined by the Congress as a reasonable minimum wage in 1949, certainly \$1.25 per hour is a reasonable minimum wage today. The increase in the cost of living demands this increase.

During the course of committee discussion, the question was raised as to how it was determined that \$1.25 per hour would be a fair and reasonable minimum wage. And the question was further raised as to what formula was used in determining this amount of increase. It seems to me that a fair and reasonable formula would be based upon that hourly wage which would produce a weekly minimum sufficient to provide for a normal family of four under the minimum conditions of decency in which we can permit Americans to live. An hourly wage of \$1.25 per hour would produce a gross wage of \$50 for a 40-hour week and a take-home pay after tax and deductions of approximately \$37. In my opinion, there is no place in America, north or south, east or west, where a family could exist at a decent standard of living with less than \$37 per week.

The need for increasing the minimum wage is not only an economic question. There is a vital question of morality involved. Americans cannot permit their fellow citizens to live under inhumane conditions. Goods produced under conditions in which the worker does not earn a sufficient income to decently provide for his family are better not produced at all.

The minimum-wage law is in effect a code of fair play between the States which provides that the States shall not compete against each other on the basis of indecent wage levels. We in America must avoid destruction by sectionalism. It is tragic to see one part of America competing with another when the competition between regions is not

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

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84th-1st - No. 100

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HIGHLIGHTS: Senate agreed to conference report on trade agreements bill. Ready for President. Senate debated Commerce appropriation bill. House committee reported and Senate committee ordered reported bills to extend emergency loans. House debated public works appropriation bill. Sen. Neuberger urged two-price plan for wheat. Sen. Humphrey criticized USDA purchase of grain storage bins. Senate (Cont. on p.6)

HOUSE

1. APPROPRIATIONS. Began debate on H. R. 6766, the public works appropriations bill, 1956 (pp. 7087-7121). This bill contains appropriations for the Atomic Energy Commission, Tennessee Valley Authority, and certain functions of the Interior Department and Army.
2. LOANS. The Agriculture Committee reported with amendment H. R. 5822, providing an extension of time for making of emergency loans for agricultural purposes (H. Rept. 839) (p. 7129).
3. PERSONNEL. The "Daily Digest" states as follows:

"Committee on Post Office and Civil Service: Approved a bill today providing for pay increases to Federal employees.

Striking out the provisions of S. 67, the committee inserted completely new language which would provide a $7\frac{1}{2}$ -percent increase for approximately 1,073,262 employees, effective beginning with the first pay period commencing after February 28, 1955. Employees of the three branches of the Federal Government are covered, specifically, as follows:--

"(a) employees whose positions are subject to the Classification Act of 1949, as amended;

"(b) officers and employees in or under the judicial branch of the Government;

- "(c) court reporters for Federal district courts;
- "(d) secretaries and law clerks of circuit and district judges;
- "(e) officers and employees in or under the legislative branch of the Government;
- "(f) elected officers and certain appointive officers and employees of the Senate and House of Representatives (except the presiding officers);
- "(g) officers and employees in the Department of Medicine and Surgery in the Veterans' Administration; and
- "(h) employees in the Foreign Service of the United States under the Department of State.

"Other features of the bill would provide the following --

- "(1) authorize comparable increases to employees whose salaries are set by administrative action such as employees of the TVA;
- "(2) raise the limit on salaries which may be paid to officers and employees of the Central Bank for Cooperatives, or any production credit corporation, production credit association, or bank for cooperatives, to permit giving employees of these organizations raises comparable to those received by other Federal employees under this act;
- "(3) maintain the present ceiling of \$14,800 above which no salary may be raised by reason of this enactment;
- "(4) restrict the maximum salary for employees of the legislative branch (except those whose salaries are specifically set by law) to the maximum provided under the Classification Act of 1949, as amended;
- "(5) provide for an adjustment in the salaries of employees transferred from the CFC schedules (Crafts, Protective, Custodial) to wage board salary schedules to take into consideration the increases provided under this bill;
- "(6) provide comparable salary increases for the "savings cases" (those drawing salaries over the top salary rate for their grade);
- "(7) provide for a proportionate payment of the salary increase due for work performed during the retroactive period to employees who retired or to the estate of employees who died during the retroactive period; and
- "(8) consolidate all authority for grades 16, 17, and 18; repeals extraneous laws giving separate authority.

"The salary increases provided in the legislation are permanent, are subject to retirement deductions, and will be taken into consideration in computing overtime and night-differential pay. Approximate cost of the total pay increases provided by the legislation will be \$325 million annually."

- 4. WILDLIFE CONSERVATION. Rep. Johnson, Wis., inserted a magazine article critical of the Federal agencies administering wildlife protection laws (pp. 7121-2).
- 5. CIVIL DEFENSE. Rep. Holifield criticized the administration's efforts in civil defense planning (p. 7124).
- 6. RECLAMATION. Received a report from Interior Department on a soil survey and land classification project in connection with the Missouri River Basin project (p. 7128).

SENATE

- 7. TRADE AGREEMENTS. Agreed to the conference report on H. R. 1, to extend the President's authority to enter into trade agreements (pp. 7006-35, 7058-60). This bill will now be sent to the President. As finally passed, the bill provides as follows: Continues until June 30, 1958, the President's authority to enter into reciprocal trade agreements. Authorizes the President to negotiate

tariff reductions reducing tariff rates existing on January 1, 1955, in stages of not more than 5% in each of 3 years, or negotiate reduction in those rates which are higher than 50 percent of the value of an import to a rate equivalent to 50 percent. Amends the escape clause to modify the standards for determining injury to a domestic industry. Grants the President additional authority to control imports of any article which is found to be entering in such quantities as to impair the national security. Requires the President and the Tariff Commission to report annually to the Congress on the operation of the trade agreements program.

8. CROP INSURANCE. Received from the Comptroller General the audit report on the Federal Crop Insurance Corporation, for the fiscal year ended June 30, 1954 (p. 6994). The House received this report on June 14 (H. Doc 180) (p. 6990).
9. FORESTRY. The Interior and Insular Affairs Committee reported with amendments S. 1713, to amend the mining laws to provide for multiple use of the surface of the same tracts of the public lands (S. Rept. 554) (p. 6996).
10. PROPERTY; EXTENSION WORK; LOW-INCOME FARMERS. The Agriculture and Forestry Committee reported without amendment S. 2097, to transfer land and buildings now used for research under cooperative agreement with the Virgin Islands Corporation (S. Rept. 557); and S. 2098, to authorize additional appropriations for cooperative extension work among low-income farmers (S. Rept. 558) (p. 6996).
11. LAND TRANSFER. The Agriculture and Forestry Committee reported without amendment H. R. 2973, to release reversionary rights to a former FHA tract in Macon County, Ga., to the Ga. Board of Education (S. Rept. 559) (p. 6996).
12. APPLE PRICES. The Agriculture and Forestry Committee reported without amendment H. R. 5188, to prohibit USDA prediction of apple prices (S. Rept. 560) (p. 6996).
13. FARM LOANS; RECLAMATION. The Agriculture and Forestry Committee reported with amendments S. 1472, to extend financial assistance to desert-land entrymen to the same extent as such assistance is available to homestead entrymen (S. Rept. 561) (p. 6996).
14. COMMERCE AND RELATED AGENCIES APPROPRIATION BILL, 1956. Continued debate on this bill, H. R. 6367 (pp. 7006, 7060-70). Agreed to the committee amendment increasing forest highways (p. 7069).
15. MARKETING; EXPERIMENT STATIONS; GRAIN STANDARDS. The Agriculture and Forestry Committee reported with amendments S. 1757, to provide penalties for false grade marking (S. Rept. 562); S. 1759, to consolidate experiment station authorizations (S. Rept. 563); and S. 1400, to protect the integrity of grade certificates under the U. S. Grain Standards Act (S. Rept. 564) (p. 6996).
16. EMERGENCY LOANS. The Agriculture and Forestry Committee ordered reported with amendment S. 1582, to extend the period for the making of emergency loans for agricultural purposes (D. 556).
17. WATER CONSERVATION. Sen. Carlson inserted a resolution of the Coffeyville, Kans. Chamber of Commerce urging consideration of flood control and water pollution measures on the Big Hill Creek (p. 6995).

18. WHEAT. Sen. Neuharger urged that the "two price" wheat plan be considered and inserted a newspaper article commenting on the recently announced wheat price supports (pp. 7003-4).

Sen. Langer inserted a portion of his remarks published by the Wall Street Journal citing the distressed position of wheat farmers who are unable to find proper storage facilities for their wheat crops (p. 7004).

19. INSECTS. Sen. Langer inserted a report from the North Dakota Insect and Pest Reporting Service listing and describing all the insects which are now prevalent throughout the Northwest (pp. 7004-5).

20. GRAIN BINS. Sen. Humphrey was again very critical of the Agriculture Department's alleged "bungling" of storage bin construction (pp. 7005-6).

BILLS INTRODUCED

21. RUBBER. S. 2242, by Sen. Kilgore, to amend the Rubber Producing Facilities Disposal Act of 1953, so as to permit the disposal thereunder of the Government-owned rubber-producing facility at Institute, W. Va.; to Banking and Currency Committee (p. 6997).

22. LANDS. S. 2246, by Sen. Mundt, to authorize the sale of certain lands to the city of Wall, S. Dak.; to Agriculture and Forestry Committee (p. 6997).

23. SURPLUS PROPERTY. S. 2247, by Sen. Saltonstall, relating to the authority of the Administrator of General Services with respect to the utilization and disposal of excess and surplus Government property under the control of executive agencies; to Government Operations Committee (p. 6997).

24. FARM LABOR. S. 2248, by Sen. Saltonstall, to amend the Refugee Relief Act, as amended, to provide a certain number of visas for persons of ethnic Armenian origin; to Judiciary Committee (p. 6997).

25. RECLAMATION. S. 2251, by Sen. Welker, to authorize the Secretary of the Interior to construct, operate, and maintain in the upper Snake River Valley, Idaho and Wyo., the Narrows Federal reclamation project and a reregulating reservoir below the Palisades Dam and Reservoir; to Interior and Insular Affairs Committee (p. 6997).

26. FOREIGN TRADE. S. 2253, by Sen. Ellender (for himself and others), to re-emphasize trade development as the primary purpose of title I of the Agricultural Trade Development and Assistance Act of 1954; to Agriculture and Forestry Committee (p. 6997).

27. FARM PROGRAM. H. R. 6835, by Rep. Gathings, "to amend the Agricultural Act of 1954;" to Agriculture Committee (p. 7130).

H. R. 6836, by Rep. Gathings, "to amend the Agricultural Act of 1938, as amended;" to Agriculture Committee (p. 7130).

H. R. 6845, by Rep. Watts, "to further amend the Agricultural Adjustment Act of 1938;" to Agriculture Committee (p. 7130).

28. WILDLIFE. H. R. 6844, by Rep. Young, to provide that accumulated receipts in the Federal aid to wildlife restoration fund shall be appropriated; to amend the Wildlife Restoration Act (16 U. S. C., secs. 669-669i), defining "wildlife restoration project;" to Merchant Marine and Fisheries Committee (p. 7130).

with forceps or fingers. Such wounds should be treated with a disinfectant. Dogs should be checked regularly for ticks. If found, the tick should be removed by hand or treat the animal with 0.5 percent DDT or chlordane sprays. DDT or chlordane applied at 1 percent strengths to wooded areas and lawns will control this tick.

Carpet beetles: Specimens of this destructive household pest which feeds on wool and wool products continue to be received. For further information on their control obtain Extension Circular A-166 or USDA Bulletin No. 24 from the North Dakota Agricultural College Extension Service.

[From the North Dakota Insect and Plant Pest Reporting Service, Fargo, N. Dak., of June 11, 1955]

Sugar beet root maggot (*tetanops myopaeformis*): Adult female flies were observed in sugar beet fields near Auburn, Walsh County, in considerable numbers during the first week of June.

Colorado potato beetles: Adults were observed in garden potato plantings in the Grand Forks vicinity on June 3. Some egg laying was also reported. In controlling this insect apply a dust of 3-5 percent DDT dust or 3-5 percent methoxychlor at 20-30 pounds per acre; 10 percent toxaphene dust at 10-15 pounds per acre. Sprays of 25 percent DDT or methoxychlor emulsion at 4-5 quarts per acre in 100 gallons of water, or 50 percent DDT or methoxychlor wettable powder at 2 pounds per 100 gallons of water, or 45 percent toxaphene emulsion at 1½ quarts per 100 gallons of water will give satisfactory control.

Blister beetles: Adult beetles, the large purple variety, were reported attacking legume plantings at the Fort Lincoln Nursery, Bismarck, on June 2. Control measures applied on June 3 resulted in a satisfactory kill of this pest. For control use DDT or toxaphene at 1-1½ pounds per acre as a dust or spray.

Cottonwood or willow leaf beetles: Larvae of this species had caused considerable defoliation of willow-cutting blocks at the Fort Lincoln Nursery, Bismarck, this week. Since both larvae and adult beetles feed on foliage, a careful watch for the emergence of adult beetles should be maintained, especially in nursery plantings. Control of this beetle and its larvae may be accomplished by spraying with 2 pounds of 50 percent DDT in 100 gallons of water.

Cutworms: Reports of cutworm damage to vegetable transplants have been received this week from several localities. The following amounts of actual insecticide per acre should be applied: DDT, 1½ pounds; toxaphene, 2 pounds; chlordane, 1 pound; heptachlor or aldrin, one-half pound. Poisoned baits may also be used.

Spider mites: Reports of spider mite build-ups, especially in evergreen foundation plantings, continue to be received. Recent rains over the State may have diminished the rapid increase in population; however, with the advent of warm, sunny weather a careful watch should be kept and control measures applied in order to prevent injury to susceptible plant species. Control measures recommended are ovotran 50 percent wettable powder at 1 pound, or dimite 15 percent or aramite 15 percent at 1½ pounds per 100 gallons of water. Malathion 50 percent emulsified concentrate has given control at 2 pints per 100 gallons of water or 2 teaspoonsful per gallon of water. Dusting sulfur may also be used.

Rose cucullis: This is the time of year to employ control measures against this insect. The weevil eats holes in the unopened buds, leaves, and flower stems of roses. Bush roses, such as Hansa, seem to be the most injured in this area. For control apply 3-5 percent DDT dust to foliage at weekly intervals.

Mosquitoes: Populations continue to increase following general rains.

AMENDMENT OF CODE RELATING TO MAILING OF OBSCENE MATTER

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 600) to amend title 18 of the United States Code, relating to the mailing of obscene matter, which were to strike out all after the enacting clause and insert:

That the first paragraph of section 1461 of title 18 of the United States Code is amended to read as follows:

"Every obscene, lewd, lascivious, indecent, filthy, or vile article, matter, thing, device, or substance; and—"

SEC. 2. The fifth paragraph of section 1461 of title 18, United States Code, reading "Every letter, packet, or package, or other mail matter containing any filthy, vile, or indecent thing, device, or substance; and", is hereby repealed.

SEC. 3. Chapter 71 of title 18 of the United States Code is amended by inserting, immediately following section 1464 of such chapter, a new section, to be designated as section 1465, and to read as follows:

"§ 1465. Transportation of obscene matters for sale or distribution.

"Whoever knowingly transports in interstate or foreign commerce for the purpose of sale or distribution any obscene, lewd, lascivious, or filthy book, pamphlet, picture, film, paper, letter, writing, print, silhouette, drawing, figure, image, cast, phonograph recording, electrical transcription or other article capable of producing sound, or any other matter of indecent or immoral character, shall be fined not more than \$5,000 or imprisoned not more than 5 years, or both.

"The transportation as aforesaid of 2 or more copies of any publication or 2 or more of any article of the character described above, or a combined total of 5 such publications and articles, shall create a presumption that such publications or articles are intended for sale or distribution, but such presumption shall be rebuttable.

"When any person is convicted of a violation of this act, the court in its judgment of conviction may, in addition to the penalty prescribed, order the confiscation and disposal of such items described herein which were found in the possession or under the immediate control of such person at the time of his arrest."

SEC. 4. The analysis of chapter 71 of title 18 of the United States Code is amended by inserting, immediately after and underneath item 1464, as contained in such analysis, the following new item:

"1465. Transportation of obscene matters for sale or distribution."

And to amend the title so as to read: "An act to amend title 18 of the United States Code relating to the mailing and transportation of obscene matter."

Mr. KILGORE. On March 14, 1955, the Committee on the Judiciary favorably reported S. 599, a bill to prohibit the transportation of obscene matters in interstate or foreign commerce, and S. 600, a bill to amend title 18 of the United States Code, relating to the mailing of obscene matter. Both bills, as reported, passed the Senate on March 28, 1955. On June 1, 1955, the House Judiciary Committee reported H. R. 3333, a bill to amend title 18 of the United States Code relating to the mailing and transportation of obscene matter. H. R. 3333, as reported, contained all the provisions incorporated in both Senate bills. On June 7, the text of H. R. 3333 was substituted for that of S. 600, which was passed by the House of Representatives.

Since the bill now before the Senate (S. 600) embodies the provisions previously agreed to by the Senate, I ask unanimous consent, Mr. President, that the Senate concur in the House amendments.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from West Virginia.

The motion was agreed to.

BUNGLING IN THE DEPARTMENT OF AGRICULTURE

Mr. HUMPHREY. Mr. President, last week I called attention to some of the fantastic bungling in the Department of Agriculture into which I have urged a thorough investigation.

I think this body should know that responsible officials of the Department now admit that 8,960 grain storage bins purchased and erected during the past 2 years were seriously defective and resulted in heavy losses.

My colleagues may be interested in knowing that conferences were held in the Department of Agriculture yesterday in regard to seeking restitution of more than a million dollars from suppliers of these bins.

I am glad to see this effort to recover some of this loss.

However, I would be more interested in finding out how much bungling occurred and making sure it cannot happen again.

Why did the Department of Agriculture continue purchasing these bins and ordering them erected long after complaints were made from the field that they were defective?

Is it possible that nearly 9,000 faulty bins could be erected before anyone realized they were so defective?

How did these now admittedly faulty bins not only gain approval of the Department of Agriculture, but also pass naval inspection?

Why did the Department of Agriculture ignore the recommendations of its own research bureau at Beltsville in regard to calking compounds in its desperate attempt to seal up the cracks and holes in these defective bins, with the result that heavy losses of corn and grain occurred?

Mr. President, these are among the questions which should be looked into and should be answered.

Never before under any administration have million-dollar losses as a result of bungling and poor judgment or worse been treated so casually, cause such little interest, or been paid such little attention by the press.

Have we a double set of standards?

Is such bungling simply written off as a mistake under a Republican administration, whereas it would be shouted from the housetops as corruption under a Democratic administration?

This grain-bin scandal is but one of the many examples of mismanagement in the Department of Agriculture under this supposed businessman's businesslike administration. Are they going to be ignored?

I, for one, feel that the Senate has a responsibility to take better care of the taxpayers' money, and erect safeguards

against further repetition of such bungling and waste.

We must either do it through our own committees, or call upon the General Accounting Office to conduct a thorough investigation for us.

I do not intend to remain quiet while such things are going on. I have even further information available that should be laid before competent investigators.

But I assure the Senate until such an investigation is opened I shall continue to bring before this body these examples of the shortcomings, bungling, mismanagement, inefficiency, carelessness, and poor supervision in the Department of Agriculture.

As I have said before, I am not yet convinced that only bungling and mismanagement is involved. I want to be fair before making public even more serious charges.

For that reason I hope an investigation can be undertaken that will permit all sides to be heard.

I have brought the matter to the attention of the Subcommittee on Investigations, and I have asked it to make a full-scale report of its investigation.

DEPARTMENT OF COMMERCE APPROPRIATIONS, 1956

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which the Secretary will state by title.

The LEGISLATIVE CLERK. A bill (H. R. 6367) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1956, and for other purposes.

TRADE AGREEMENTS EXTENSION ACT OF 1955—CONFERENCE REPORT

Mr. BYRD. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 9, 1955, p. 6763, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. BYRD. Mr. President, I am glad to report that of the 29 amendments adopted by the Senate Finance Committee and by the Senate, the Senate conferees succeeded in retaining 26. One of those on which the Senate conferees receded proposed a technical change requiring changes in one of the other amendments. The amendments on which the Senate conferees receded were not vital to the purposes of the bill itself.

I desire to emphasize the fact that I do not believe any renewal of the reciprocal trade agreements law has received a closer and more exhaustive investigation by the Senate Finance Committee than H. R. 1, now pending. The hearings before the Senate Finance Committee lasted 4 weeks. More than 150 witnesses were heard. The executive sessions extended for another 4 weeks. Every single line of H. R. 1, as passed by the House of Representatives, was scrutinized and debated during 2 months of hearings and executive sessions.

I state this because I want the Senate to know how carefully this proposed legislation was considered by the Senate Finance Committee, and how keenly the membership appreciated its importance.

The effort has been made to convey the impression that the amendments adopted by the Senate Finance Committee crippled the reciprocal-trade program. I emphatically state that this is not true. Every single amendment adopted by the Senate Finance Committee was approved by the President.

I was a Member of the Senate when the reciprocal-trade-agreements program was first adopted in 1934. I supported it then and have supported it since. H. R. 1, now pending before the Senate, carries out the original principals of the trade-agreements program.

The Honorable Cordell Hull testified before the Senate Finance Committee in support of the first trade-agreements bill in 1934, and stated:

The entire policy of this bill would rest upon trade relationships which would be mutually and equitably profitable, both to our own and to other countries.

He said also:

The proposed reciprocity policy would, on the whole, enhance these benefits by increasing commerce which would result in increasing production and increased employment at home.

The reciprocal-trade program means what is says, namely, that its purpose is to stimulate and increase commerce between America and other nations on a basis of reciprocity. This is exactly what H. R. 1, as now presented to the Senate, will do.

This bill preserves the fundamental principle of the reciprocal-trade program by leaving the final decision in the hands of the President. It continues the program for 3 years and permits certain further reductions in the tariff rates on a restricted basis.

We must all recognize that world conditions have changed since the reciprocal-trade program was inaugurated in 1934. Since then the industrial wage scale in the United States has been increased much more rapidly than in other countries who import from us. It is likewise a fact that under the United States foreign-aid program the industrial plants of importing nations, especially textile and chemical plants, have been rebuilt and modernized, without cost to such nations. For these reasons the Senate Finance Committee adopted certain safeguards.

In view of all the conditions now existing, it is my sincere conviction that H. R. 1, as amended by the Senate Finance

Committee and later practically in toto by the Senate, and then approved by the conference committee, in adopting 26 out of 29 of the Senate amendments, offers the best approach that could be devised to continue our foreign trade on a basis of reciprocity, and, at the same time, protect, in reasonable fashion, the proper interests of American industry.

I will discuss briefly some of the more important amendments inserted by the Senate Finance Committee.

The first important amendments adopted by the Senate Finance Committee were Nos. 1, 2, and 3, which eliminated from the House bill all language indicating approval of the international organization known as General Agreement on Tariffs and Trade. The White House approved this action on these amendments in a communication addressed to me as chairman of the Finance Committee, as follows:

Amendment No. 1: This amendment strikes out the language in the House bill that sought to spell out the kinds of provisions that could be included in foreign trade agreements. The language stricken out was intended to be clarifying rather than substantive in nature. Since the language so stricken was merely declaratory of existing law, as uniformly interpreted, the administration has no objection to the Senate amendment striking it out.

Amendment No. 2: This amendment is merely a clerical amendment made necessary by amendment No. 1.

Amendment No. 3: The language of the House bill which this amendment strikes out was designed to make it clear that the enactment of the bill would not constitute approval or disapproval by Congress of the proposed new Organization for Trade Cooperation. The language which the Senate amendment proposes to insert is designed to make it clear that the enactment of the bill is not to constitute approval or disapproval by Congress of the GATT. Since the bill passed the House, separate legislation proposing congressional approval of OTC has been recommended, and hence it seems that the House language stricken out by the Senate amendment is unnecessary. The language inserted by the Senate amendment is similar to language which had been included in Trade Agreement Act extensions for the last several years, and the administration has no objection to it.

The second series of amendments were Nos. 4, 5, 6, 9, 11, 12, 17, 20, 21, 22, and 23, which eliminated the double jeopardy with respect to articles on which concessions are made in the forthcoming trade agreement with Japan.

The White House agreed to these amendments in the following language:

Amendments Nos. 4, 5, 6, 9, 11, 12, 17, 20, 21, 22, and 23: All of these amendments relate to a single subject matter, viz, the elimination of the so-called double jeopardy with respect to articles on which concessions are made in the forthcoming trade agreement covering Japan. Under existing law the duties on these articles could be reduced by 50 percent of the duty existing on January 1, 1945, and then have been subject to a further 15-percent reduction under the House bill. Under the Senate amendments, if the duty on a particular article is reduced by 15 percent or more under the Japanese trade agreement, no further reduction could be made under the bill. If the duty on that article is reduced by less than 15 percent under the Japanese trade agreement, the duty could be decreased under the Senate amendments by the difference between a 15-

percent reduction and the reduction provided for under the trade agreement. Thus, under the Senate amendments all articles, whether covered by the Japanese trade agreement or not, will be treated on the same basis. The administration has no objection to these amendments.

Amendment No. 7, as adopted by the Senate Finance Committee, eliminated the section providing for further reductions of tariff duties on all articles imported in "negligible quantity." This was agreed to by the White House in the following language:

Amendment No. 7: This amendment strikes out language in the House bill which would have authorized reductions in duty by 50 percent of the rate existing on January 1, 1945, in the case of articles which are normally not imported into the United States or are normally imported in negligible quantities. After prolonged consideration, it was concluded that "negligible quantities" constituted a standard that it would be difficult to apply administratively, and it was further concluded that a more precise standard could not be devised. Hence the administration has no objection to Senate amendment No. 7.

Amendment No. 26, inserted by the Senate Finance Committee, instructed the Tariff Commission to make a factual report once a year directly to Congress on the operation of the trade agreements program. Heretofore such a report was made to the President and only to Congress after the President had issued an order to that effect. The White House agreed to this amendment in the following language:

Amendment No. 26: This amendment directs the Tariff Commission to keep informed about the operation of trade agreement provisions relating to duties or other import restrictions and to submit to Congress, at least once a year, a factual report on the operation of the trade agreement program. The administration has no objection to this amendment.

Amendment No. 28 consists of three distinct parts. It provides certain safeguards to make it easier for the President to prevent serious injury to domestic enterprises, if he desires to do so. The White House agreed to these amendments as adopted by the Senate Finance Committee, but disagreed to an amendment to these amendments offered in the Senate by the Senator from Oregon [Mr. MORSE]. The House declined to agree to the so-called Morse amendment and it was stricken from the bill by the conferees.

The White House statement on amendment 28 is as follows:

Amendment No. 28: This amendment consists of three distinct parts:

(a) One part of this amendment adds a provision to section 7 (b) of the Trade Agreements Extension Act of 1951 (escape clause provisions) which provides in substance that when the Tariff Commission finds increased imports to have contributed materially to the serious injury or threat of serious injury to a domestic industry, such increased imports shall be considered as the cause or threat of serious injury to that industry. This provision seeks to eliminate confusion as to the proper interpretation of section 7 of existing law, and the administration has no objection to it.

(b) Another part of amendment No. 28 adds to section 7 of the Trade Agreements Extension Act of 1951 a subsection defining

what is meant by "domestic industry" for the purpose of peril point determinations and escape clause procedure. There is no definition of what constitutes a domestic industry for these purposes in existing law. The amendment provides that a domestic industry means "that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing" products that are like, or directly competitive with, the imported article involved. It is also provided that where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Tariff Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury. This portion of the amendment gives the Tariff Commission greater latitude in consideration of applications for escape clause relief. No change is made with regard to the essential review powers of the President, and the administration has no objection to this portion of amendment No. 28.

(c) The third portion of amendment No. 28 has the effect of providing that the producer of any raw material contained in, or of any component of, a domestic article with which an imported article competes, may obtain escape-clause relief by reason of imports, not of the raw material or of the component, but of the finished article being manufactured by somebody else. This portion of the amendment also provides that evidence of serious injury or threat of serious injury to any readily determinable segment of the producing organizations shall, for the purpose of the bill, be considered evidence of serious injury or threat of serious injury to the domestic industry producing like or directly competitive products or articles. The administration feels that this third portion of amendment No. 28 goes to extremes, and would be impossible to administer. It would permit, for example, manufacturers of nuts and bolts to claim escape-clause relief on account of the importation of automobiles.

Amendment No. 29, adopted by the Senate Finance Committee, gives to the President authority to take action to regulate imports of strategic and critical items whenever necessary to protect the national security. The White House agreed to this amendment in the following language:

Amendment No. 29: This amendment rounds out the national security provisions incorporated in the extension of the Trade Agreements Act last year. Amendment No. 29 provides that whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President is directed to cause an immediate investigation to be made. If the President finds, on the basis of such investigation that imports of the article in question are threatening to impair the national security, he is directed to take such action as he deems necessary to adjust the imports to a level that will not threaten to impair the national security. Such action could take any form that was appropriate to the situation. The administration has no objection to this amendment.

On behalf of the Senate Finance Committee, I wish to assure the Senate that the legislation now pending represents the very best efforts of the Senate Conference, and I hope the Senate will adopt the conference report.

Mr. DOUGLAS. Mr. President, I appreciate the very lucid statement by the eminent Senator from Virginia. He makes quite clear two things: first, that the restrictive amendments impeding freer trade which were adopted by the Senate are retained in the bill as it comes from the conference; second, that every one of these further restrictions upon international trade has met with the consent and the approval of the administration.

I congratulate the Senator from Virginia for the clear and honest record which he has made in this instance. But, Mr. President, I think the conference report marks a serious curtailment, if it does not mean the virtual abandonment of the principles of reciprocal trade which Cordell Hull supported, and to which we of the Democratic Party have given, until now, almost undivided allegiance.

Mr. President, there have been various commissions appointed to consider reciprocal trade. Most notable of these, perhaps, was the so-called Bell Commission, which was appointed by President Truman, but which made its report, I believe, in February 1953, 1 month after the new administration took office. The Bell Commission report, I think, is a landmark in the discussion of tariff policy and trade policy. It advocated, in the first place, the abandonment of the peril-point provision which had been inserted in the law under Republican rule. It advocated the repeal of the escape clause which had been inserted in the law under a Republican Congress. It recommended that with respect to any industries which were adversely affected by a reduction in tariffs, the country owed a duty to those industries to compensate them for their loss.

The Bell report was a very far-sighted and statesmanlike document. The new administration gave verbal support to the idea of broadening international trade. President Eisenhower, upon occasion, said it was the most important issue before the American public. He declared that unless international trade were broadened, the great alliance of the free nations might break down. But almost immediately a retreat began. The act was extended for only 1 year, with the promise made by the Secretary of State that no new reductions in tariff duties would be put into effect if the act were so extended.

A new commission was appointed, headed by a very fine gentleman from my city and State, Mr. Clarence Randall. It included amongst its membership several eminent Members of this body and of the other body, including some whose devotion to protection was deep and sincere.

The Randall Commission conducted a number of very interesting studies and then made a series of recommendations. The recommendations of the Randall Commission were greatly toned down as compared with those of the Bell Commission. The escape clause was to be retained; the peril-point provision was to be retained; there was to be no compensation for industries adversely affected by reductions in tariffs; and the re-

duction which was to be permitted was to be only 5 percent a year over a period of 3 years, with some doubt, because of the intervening steps which had to be taken before any reduction could be put into effect, whether the third reduction could ever take place. So that at the most a reduction of 5 percent in existing tariffs was permitted. This should be noted as not an absolute reduction, but as a relative reduction. That is, if the previous tariff was 20 percent, the most that it could be reduced would be 1 percent a year for 3 years, or a reduction to 17 percent. In practice, as I have said, since it would take some time for the steps in carrying out the reduction to take effect, the probable actual reduction in absolute terms would be only 10 percent of existing tariffs or, on a 20-percent basis, from 20 percent to 18 percent.

Those of us who believe in the principle of freer trade, those of us who believe that trade joins nations together, those of us who wish to have the free nations joined together in an economic as well as a political alliance, regarded the Randall Commission report as a very weak document.

It was in the very much watered down form of the Randall Commission that the bill to extend the Reciprocal Trade Agreements Act came up in the House of Representatives this year. I am very proud of the leadership of the Democratic Party in the House, because it was the leadership of the Democratic Party, under Speaker RAYBURN, who put that bill through the House.

I tabulated the vote, and, in general, it can be said that while we of the Democratic Party were not as united on this matter as we have been in the past, and as I wish we were at this time, nevertheless, the Democrats voted approximately 2 to 1 for the bill. The Republicans voted approximately 2 to 1 against it. Those are the rough figures. It was due, therefore, to Speaker RAYBURN and the Democratic leadership of the House that the bill passed that body.

It came to this body and went to the Finance Committee, and, undoubtedly, a great many pressures began to bear upon the Finance Committee. I do not wish to criticize the individual members of the Finance Committee. I wish to pay tribute to them for the energy with which they worked under a heavy burden. But I should like to point out how seriously the amendments which they accepted, and which the administration sponsored, cripple still further the principle of freer trade. In the first place, as the Senator from Virginia has stated, there will be no reductions on approximately 1,000 items not now imported in appreciable quantities. It may be asked, What difference does that make? Since they are not imported in appreciable quantities, a reduction in their tariffs will not have any effect.

But here is the point: Some of those articles are not imported in any real quantities now because of the height of the tariff wall. Reduce the tariff, and the goods will come in. Keep the tariff up, and they will still continue not to be imported at all, or they will be imported in negligible quantities.

So this was the first body blow at the principle of freer trade, already pretty well battered, which the Committee on Finance permitted.

Second, the escape clause was still further loosened, making it possible for a tremendous amount of pressure to be brought to bear upon the President. The Tariff Commission must now make public its reports on escape-clause proceedings at the time it sends them to the President. Also, if I remember correctly the language of the Senate bill, if imports "contributed materially" to the serious injury of, or constituted a threat of serious injury to an industry, such imports would come under the escape clause.

There were other ways in which the escape clause was further loosened. It is a matter of open knowledge that these provisions will expose the President to tremendous pressure for increased tariff rates. Requests for increases will be coming from a multitude of sectors of the American economy. In view of the performance of the administration to date in acquiescing, and now, as the Senator from Virginia has said, in sponsoring the curtailment of the reciprocal trade program, the administration will have to show much more backbone than it has shown thus far, if this provision, in turn, is not to result in a great impairment of freer trade.

The escape clause was made more restrictive, even, than it is now by redefining industry, to allow individual commodities in industries which are otherwise profitable to proceed under the escape-clause provision. So now it will be necessary to judge not only the condition of an industry as a whole, but also the specific commodities produced within the industry.

There may be a very prosperous industry which in the case of one specific item it produces is at a fancied disadvantage, or which is threatened with a disadvantage. In that event the industry can file claims. The defenses are down, and the pressures are upon the President.

Finally, there was another clause placed at the very end of the bill, section 7 (b), as follows:

(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.

All of us know what is behind that clause, even if the American public does not fully realize it. It involves, first, the question whether actual or relative embargoes shall be imposed upon residual oil from South America, in order to protect coal and some of the oil producers

of the United States. We can be quite certain that those groups will demand severe limitations upon the importation of residual oils. The President will be exposed to the pressure of those industries.

Lead and zinc will be involved, as well. I well remember the day on which my good friend, the senior Senator from Colorado [Mr. MILLIKIN] rose, with beaming face, and seemed to give assurance that the lead and zinc producers of his State, of the other great Mountain States, of Missouri and Oklahoma, where there are lead deposits, could be assured that their fears of foreign competition were groundless and that their hopes probably would be realized.

The senior Senator from Colorado, with the skill which characterizes him, and which has won the admiration of us all, was careful not to make any statement which would be binding. But as one read between the lines, and as one looked at his benevolent countenance, one felt that protection was going to be given to those groups.

I happen to be interested in one of the commodities affected, namely, fluorspar, because there are two counties in my State which produce an appreciable quantity of fluorspar. I think the answer to the lead and zinc question and also to the fluorspar question is to purchase for stockpiling.

I have introduced a bill to provide that fluorspar shall be purchased by the Office of Defense Mobilization at current prices. I am told that instead of doing this, the administration is endeavoring to dispose of wheat, with which it is swamped, in return for large quantities of fluorspar, therefore adding to the problems of the fluorspar industry.

Despite the pressure from the fluorspar industry and from the workers in that industry, I did not advocate and have not advocated any embargo or any increase in tariff on fluorspar. That issue should be met, if it is a defense issue—and I think it may well be a defense issue—through purchases and stockpiling. That is what I have advocated.

What has been done by the amendments sponsored by the administration has been to give away virtually the principles of reciprocal trade and of lower tariffs.

Another ominous note is the continued careful disavowal by the United States Congress of the General Agreement on Tariffs and Trade known as GATT. I suppose the person who knows most about GATT is the eminent senior Senator from Colorado [Mr. MILLIKIN]. I have read in years past some of the questioning which he has carried on; and every time I listen to the speeches of the Senator or listen to his questioning, my already high opinion of his ability is enhanced.

This is a complicated question, and I certainly do not pretend to have the technical knowledge of the subject which the Senator from Colorado possesses. But I think I know the main outlines. The main outlines are to provide a mechanism whereby nations can move together to reduce tariff barriers. That is fundamentally the principle in-

volved. In that way they can deal with each other across the table, so that the reductions, when they occur, will be simultaneous and general, instead of being compelled to deal 2 by 2, with all the infinite complications which take place.

That brings us down to the question, Do we believe in the principle of reciprocal trade or do we not? The Senator from Virginia said he believed in it, and that the enactment of the bill would not imperil it. It certainly would imperil it. It would whittle the trade program of 1934, initiated by Cordell Hull, almost down to the vanishing point. The question is whether reciprocal trade, freer trade—I do not say free trade, but freer trade—is something we believe in, or whether it is something to which we give lip service, but which we betray at every conceivable opportunity.

Mr. President, I believe in the principle of freer trade. I believe that if there exists freer trade nations will produce those articles which they are both producing and comparatively best adapted to produce. As a result there will be obtained a distribution of energy over the world as a whole in the production of goods by nations according to their capacity to produce the maximum. I believe such a course helps all nations, because everybody benefits if labor is more beneficially utilized. There is nothing gained if we try to grow bananas in Maine or oranges in Vermont.

We have adopted the principle of free trade within the United States. We certainly should adopt the principle of freer trade among the nations as a whole.

There are products, such as certain luxury goods which France produces, which we would do well to import.

Certain of my friends tell me the Scotch produce good whisky, although I must confess that I do not have the money to buy genuine Scotch whisky.

The wools from the north of England are probably the best in the world. In Australia and New Zealand wool can be produced more cheaply than it can be produced anywhere else.

Why should we not give the American consumer a break by giving him a chance to get such goods at lower prices, instead of being compelled to buy them at higher prices?

Then, Mr. President, there is something else. We speak of the industries which would be hurt by freer trade. Yet this body will remember that the Senator from Minnesota [Mr. HUMPHREY] proposed that any industry which would be hurt should be compensated. I was proud of that suggestion, and hoped to support such an amendment. I tried to have a yea-and-nay vote upon it, but failed to get the necessary show of hands, one-fifth of those present. Of course, we believe that when industries are adversely affected, when, in short, they are being called on to make some sacrifice for the good of the Nation, their sacrifices should be paid for out of the general gains which will result. In other words, as the gains from freer trade are distributed generally, the burdens should be shared generally and not by 1 or 2 or a few industries.

But, Mr. President, I point out that there are two sets of gains. The first set of gains goes to the consumer, who will be able to buy at lower prices the goods which are imported. The second set of gains will go to those who are engaged in the exporting industry. We cannot export unless we import. If we shut off imports, as it now seems we are destined to do, the result will inevitably be to curtail our exports.

Let us see what has happened in that respect. We used to export almost half of the cotton produced in this country. I think the amount is now down to about 37 percent. But cotton is a highly exportable article, and the prosperity of the deep South, at least, largely depends upon the price of cotton, and the price of cotton in turn largely depends upon the market conditions.

We export at least a quarter of the tobacco raised in this country. We used to export more. We will not be able to begin to export as much tobacco if we maintain the restrictions or increase restrictions upon trade, because the inevitable result will be that the European countries will not have the exchange with which they can buy our tobacco. Such an eventuality would strike a blow at Virginia, Kentucky, Tennessee, and the Connecticut Valley.

Ours is a great wheat-exporting country. As I recall, we export about one-third of the wheat grown in the United States. Formerly we exported more. If the European countries are not able to buy wheat from us because they lack exchange, the result will be a still further decline in the price of wheat, and the farmers of the wheat belt—those in North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, eastern Montana, and certain sections of Texas—will suffer.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator from Illinois yield to the Senator from South Dakota?

Mr. DOUGLAS. I yield.

Mr. CASE of South Dakota. Of course, when the Senator discusses wheat specifically, and selling it for dollars, I invite his attention to the fact that there exists authority now to sell wheat and other surplus agricultural commodities, and to receive in payment foreign currency of the country buying them.

Mr. DOUGLAS. If that foreign currency were transferred into goods which could be imported, what would it mean?

Mr. CASE of South Dakota. It would mean that those countries would not have to have dollar exchange to buy them and that the foreign currency received would eventually be expended for products and materials and supplies we need.

Mr. DOUGLAS. The Senator agrees it will decrease the cost of maintaining our Military Establishment overseas; does he not?

Mr. CASE of South Dakota. A considerable amount, I think, will be used for that purpose. I have personally pointed legislation on military construction to that end. We are also using

some of the foreign currency for procurement of strategic materials.

Mr. DOUGLAS. The most satisfactory way is to exchange goods for goods. If we did not have imports, we would not have exports, and we would strike a blow at cotton, tobacco, and wheat. We would even strike a blow at rice, because from 1949 to 1951, 43 percent of the rice grown in the United States was exported. The growing of rice was developed so efficiently in the Mississippi Valley region, I am told, that it is actually possible to export rice to the Orient, and to take part of the market away from oriental rice.

My State is a great producer of soy beans. Soy bean flour is an article of export. The production and sale of soybean flour will be curtailed if the bill shall be enacted.

There are other agricultural items which will suffer as well; but let us turn to the field of manufacturing. In 1951, 22 percent of the tractors which were produced in the United States were exported. The tractor industry is largely concentrated in my State, in Chicago and in the great cities along the Mississippi River, Moline, East Moline, and Rock Island. If European countries, to which tractors are primarily exported, are not able to sell goods to us, they will not be able to buy tractors from us; production of tractors will drop, and unemployment will increase.

In 1951 we exported 22 percent of the sewing machines manufactured in this country. The Singer sewing machine has gone around the world. If foreign countries cannot sell to us, they will not be able to buy many sewing machines from us.

In the case of rolling machinery and parts, we exported one-third of our production. That will decrease.

I wish to mention another article. In 1951 we exported one-sixth of the office appliances produced in this country.

Then we come to the great automobile industry, chiefly centered in the State graced by the present Presiding Officer, the junior Senator from the great State of Michigan [Mr. McNAMARA]. At the present time—even with all the restrictions which are imposed—approximately one-sixth of our motor trucks and coaches are exported. Here is a tremendous latent market. If we could sell to foreign countries more automobiles and trucks, some of the problems which now vex the automobile industry would be minimized. But the prospects are that, instead of selling more, we shall sell less. Other countries can purchase more from us only if they are able to sell more to us, and thereby acquire more funds to spend in our markets. Furthermore, if, in return for the lower rates which we grant to foreign countries on certain commodities produced by them, we demand lower rates on American automobiles, for instance the foreign market for our automobiles will be broadened.

Mr. President, many persons do not realize that reciprocal trade is not a one-way street. It does not mean that we grant concessions to other countries, without their granting concessions to

us. We grant the concessions; and, in return, we obtain concessions from other countries, both by means of a reduction of their tariff rates and by means of a reduction of their import quotas. On May 3, I placed in the CONGRESSIONAL RECORD proof of this fact, and it will be found on pages 4684 to 4687. In fact, it constitutes proof, as the saying goes, beyond peradventure of a doubt. We have driven good bargains, and we have obtained tariff reductions and quota removals from other nations in return for the concessions we have made.

The damage which will be done to our exporting industries by the final approval of this bill is probably far greater than any benefit domestic industries may derive from it.

Mr. President, there is also a political situation which needs to be borne in mind. We are attempting to build up a great alliance of the free nations of the world, beginning in Europe, but now extending into Asia. We hope to join with us not merely the nations of Western Europe, but also Japan and the free countries of southeastern Asia. Japan is being tempted to trade with Red China. Red China is offering to accept Japanese-manufactured goods, and to give Japan, in return, steel products from Manchuria, insofar as the Red Chinese have any say about Manchuria. Also, they are to give raw materials to Japan. In a sense, that constitutes the natural economic alliance between those areas, for Japan is a manufacturing nation, and she formerly supplied manufactured goods to the continent of Asia. But we know that any such alliance would be accompanied by political conditions which would require Japan either to break or to loosen her ties with the West and to strengthen her ties with the Communist bloc. Those who say we should encourage Japan to trade with Red China, rather than to let Japan send textiles to the United States, however estimable their intentions—and I do not question their intentions—are, in effect, encouraging Japan, and are doing so by results, not by intentions, to tie up with the Communist bloc, rather than with the free world.

Mr. President, all the Members of the Senate may not be on the floor today; but, believe me, the nations of the world are watching to see what we do, following the surrender of the administration in the conference on the bill and the apparent insistence of the administration that the restrictions now contained in the bill shall be put into effect. Although Speaker RAYBURN got through the House the administration's original bill, the administration's abandonment of Speaker RAYBURN will strike a heavy blow at the confidence which the other nations of the world have in us. As the Senator from Virginia has said, in conference the conferees on the part of the Senate receded from one amendment, which, I believe, was the so-called Morse amendment; but the conferees on the part of the House receded on all the others; and the Senate won 26 of the 29 points, and won virtually every point which amounts to anything. That was done with the support of the President and the administration.

The delay and ambivalence of the President allowed two things to happen. First, it allowed the protectionists in his own party to get to him time and time again. Second, it gave the protectionists of the country and their pressure groups 2½ years to organize opposition to an extension of the Trade Agreements Act. Because of this, we have before us today a weakened, milk-and-water, emasculated piece of proposed legislation which preserves the symbol of reciprocal trade, but actually is a piece of legislation under which few or no effective trade agreements are likely to be made. I am afraid that the ominous words included in the bill, relative to GATT mean that in all probability, unless there is much more of a fighting spirit by the President on this issue than thus far he has demonstrated, GATT has gone where the woodbine twineth. If that happens, then—as the European correspondents of American newspapers have pointed out time and time again—we may expect foreign countries to raise their tariffs, we may expect a tariff war to break out in Europe; and duties, rather than being lowered, will actually be increased, and we shall move into a condition which will be worse than the one now existing.

Mr. President, to me it is a sad day, a day of abandonment of principle on the part of the administration. At the same time that we are calling for European union and for closer alliances, the administration and the Congress—if it approves this measure—make it more difficult for that alliance to come into being and to continue.

Mr. President, I believe we should practice what we preach. We should not say one thing and do another. We cannot ask for the European nations to join a union and lower their trade barriers at the same time we limit trade ourselves. If we find that something is right, we should stand by it.

Mr. President, I recognize that the Democratic Party has lost some of its fervor for lower tariffs. Historically, the Democratic Party has been the great party of freer trade. In a speech which I delivered in the Senate on May 3 I described the history of the tariff controversy. It showed how, historically, the Democratic Party has stood for freer trade. We have a great record, a record upon which northern and southern Democrats have united. It is true that in times past our southern friends had the advantage that they were helping cotton and tobacco, and had those two powerful economic interests behind them. We of the North—and I grew up, as some Senators may know, in New England—had to swim against the current, because the woolen industry, which had obtained protection in 1816 as an infant, was always insisting that it had not grown up, and that it needed still further protection. It has taken a long time to wean the woolen industry. But we northern Democrats learned in adversity what the principles of freer trade were. We were tried in the fire. We knew that the principles were sound, that they were, in a sense, eternal, and they became deeply graven on our hearts.

I am sorry to say that with the development of textile manufacturing in the South, and the fear of these textile manufacturers that Japanese competition will hurt them, there has been a falling away on this question from this section. The distressed areas have been used as an excuse for tariff protection.

There is another way of dealing with distressed areas, both with respect to coal and textiles. It lies in the improvement of our unemployment insurance machinery, in the retraining of workers who may be displaced, and in a special corporation to make loans to new industries, not merely giving them advice.

I have in preparation a bill dealing with the problems of the distressed areas. I hope to introduce it in the not too distant future.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. I am sure the Senator knows that a proposal was presented by the Senator from Massachusetts [Mr. KENNEDY] and myself along the lines of the one now outlined by the Senator from Illinois. Our proposal was laid before the Finance Committee at the time we were discussing House bill 1 at the Finance Committee level. I felt at that time that, rather than to be juggling tariffs and including weakening amendments in the reciprocal trade program, we should be giving consideration to the so-called trade adjustment features, or a trade adjustment bill, as a workable mechanism to relieve some of the distressed areas.

I join with the Senator from Illinois in supporting his proposal. Pride of authorship is nothing. What is most important is to get a reciprocal trade program which really works, for purposes of world trade, and then take care of our local domestic problems with the machinery which is available and can be used. That machinery would not be too extensive. It would consist merely of an application and acceleration of existing instruments of government and existing fiscal and financial policies which, if augmented a little, would be of great help.

Mr. DOUGLAS. I quite agree with the Senator from Minnesota. Earlier in my speech, when he was not in the Chamber, I paid tribute to him for submitting his amendment. It was with pride that I supported it.

Mr. HUMPHREY. The Senator certainly supported it.

Mr. DOUGLAS. I hope it may now be dealt with separately.

What I am trying to say is that, under the guise of dealing with distressed areas, which could be dealt with far more effectively in another way, we are closing the doors on world trade and making international cooperation more difficult.

Mr. HUMPHREY. I commend the Senator, not only for his address today and the points which he is making in reference to the reciprocal trade program, but also for making the record clear. I think the record should be clear for those who will review it. The Senator from Illinois was consistent in his position at the time House bill 1 was

before us, and the Senator from Illinois, as he has said, supported the adjustment features for the depressed areas at that time.

It seems to me that there is a great obligation upon the Senate and upon the finance committee to process legislation along the lines which have been jointly outlined here today. We should get on with this business before the distressed areas suffer even more. I am convinced that even the concessions which were placed in the trade bill, weakening the possibility of expanded foreign trade, will not prove to be concessions which are sufficiently meaningful to help the distressed areas. So what we have really done is to weaken the cardinal principle of American trade policy without giving any real relief to the distressed areas of the country, which are really feeling the pinch at the present time.

Mr. DOUGLAS. The Senator from Minnesota is entirely correct.

It is always dangerous for a man to set himself up as a prophet. As I stand here my mind goes back 25 years, to the period in 1930 in which the American Congress passed the Smoot-Hawley-Grundy tariff, designed to increase tariffs on goods, with the ostensible purpose of protecting American industry and American labor. The great depression had been in effect for 8 months. The bill was sent to the President, Mr. Herbert Hoover, to sign or veto.

While the bill was before the President, a group of American economists sent to him a petition which I had the honor of drafting, urging that he veto the bill, pointing out that the bill would increase the prices which domestic consumers would have to pay, that it would bring high-cost producers into the field, that it would shut off, or help to shut off, our exports, both of farm products and manufactured goods, and that it would provoke retaliatory action by other countries.

We were regarded as only a group of theorists, although 1,028 economists signed this petition. Someone once said that if all the economists in the country were laid end to end, they would not reach a conclusion. However, in this case there was virtually a unanimous opinion on the part of the economists of the country, who are highly individualistic. The almost unanimous opinion was that the bill was against public policy.

The President of the United States, however, signed the bill, and the Smoot-Hawley-Grundy Act went into effect. Everything that we had prophesied came true. Our exports fell off. European countries imposed retaliatory tariffs. Imperial preference came in Britain within a year and a half. France and Germany raised their tariffs, and we drifted into a state of economic anarchy—what was termed autarchy at the time. It was a condition in which the nations regarded themselves as self-sufficient. There was failure to cooperate economically, which was one of the characteristics of the 1930's. I do not wish to stress the point, but that all this was at least a contributing cause in the

development of excessive nationalism, and the great war which broke out in 1939.

I do not wish to prophesy that anything as bad as that will happen this time. This is not a strangulation—all-at-one-time bill, as the Smoot-Hawley-Grundy tariff was. This is merely a refined process of strangulation, bit by bit. It will be a slow and gradual process.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. Would the Senator say it was dynamic progressive conservatism?

Mr. DOUGLAS. I would say it is progressive strangulation. As to whether it is dynamic would depend on which direction one wants to go. I do not believe it is even conservative.

Mr. HUMPHREY. I have been unable to find out what is meant by the phrase "dynamic progressive conservatism."

Mr. DOUGLAS. No one has. It is a phrase born out of Madison Avenue and spawned upon the American people by high pressure public relations men at 1600 Pennsylvania Avenue.

Mr. HUMPHREY. I thank the Senator for his observations.

Mr. DOUGLAS. I think it will seriously impair political alliances in the free world. I regard this as a surrender by the administration and a failure by them to support the heroic SAM RAYBURN, who for his defense of H. R. 1 was rewarded by this administration being called "irresponsible" and a "demagogue." It is a repudiation of those who fought for this program, and that repudiation will in the long run greatly worsen economic and political conditions in the country and in the world.

I am strongly tempted therefore, to vote against the conference report. But I recognize that to do so might create an even worse condition. We do need to go ahead with reciprocal agreements with Japan which are made partially possible by even the weakened bill we are now being called upon to pass.

Mr. THURMOND. Mr. President, I am happy that H. R. 1, the Trade Agreements Extension Act, as amended, has finally been approved by the conference committee because it affords a measure of protection badly needed by the cotton textile and other industries. I hope the Senate will approve this report.

Passage of this bill takes from the President authority to cut tariffs already reduced by the GATT Conference at Geneva in instances where reductions were more than 15 percent. For the next 3 years, under provisions of H. R. 1, the President would have the authority to approve up to a maximum of 15 percent tariff reductions on items which were not reduced at Geneva.

Under the old law and under H. R. 1 as passed by the House, there was virtually no protection against tariff reductions.

I think it should also be pointed out at this time that H. R. 1 not only provides more adequate protection for industry, but it also gives greater assurance that the farmer will not suffer from

the loss of foreign markets which now consume much of our farm surpluses.

Failure to enact H. R. 1 could result in chaotic conditions which existed prior to 1934 when each country took the view that its tariff barriers had to be high enough to protect itself against imports. Without H. R. 1 the President would have no authority to enter into any trade agreements.

If he were no longer able to negotiate trade agreements, we could certainly expect that foreign nations would fearfully erect new tariff barriers against the products of our farmers as well as against manufactured products.

I was greatly disturbed and disappointed to learn of the agreements entered into in the GATT Conference. The State Department officially announced that "among the concessions granted by the United States were moderate reductions of rates on some carefully selected cotton textile items."

As a matter of fact, I have learned reliably that these reductions on such basic goods as print cloths, broadcloths, poplins, oxfords, twills, and so forth, run as high as 27 to 48 percent of the present tariff rate. A spokesman for the textile industry has stated that these cuts represent "more than the current profit margin of the industry from the production of standard goods."

While I am astounded that State Department negotiators would agree to such severe reductions in products manufactured by this basic industry, I do want to point out that the possibility of just such action caused me to urge amendments to H. R. 1 for the purpose of providing more adequate protection against future cuts. The amendments I advocated were adopted, and they do prevent any further tariff cuts for 3 years on the items which suffered so greatly in the Geneva negotiation.

On March 17 of this year I appeared before the Senate Finance Committee and warned of the necessity of amending H. R. 1 to protect the textile industry and its million employees who annually receive \$3 billion in wages and salaries.

At that time I pointed out that the industry and its employees were "exposed more than any other major industry to possible sacrifice on the altar of so-called reciprocal trade."

I told the committee: "They should not be subjected to the risks immediately threatened by H. R. 1 and the current negotiations at Geneva."

Also, I told the committee that "H. R. 1 in its present form contains provisions which would do injustice not only to the textile industry but also to many other types of American enterprise. For that reason I would be unable to cast my vote in favor of it unless it is amended."

Sixteen Senators joined me in asking the committee to amend the bill, and when the report on H. R. 1 was made, it contained the amendments and the effectiveness of these changes in the original bill has been preserved in the conference report. I hope that future negotiations affecting any of our industries will be conducted on a more realistic basis than the recent GATT Conference. In

any case, this legislation provides protection for 3 years against further such damaging blows to industries such as textile manufacturing.

FREE TRADE CHARACTER OF H. R. 1—UNCHANGED IN CONFERENCE REPORT

Mr. MALONE. Mr. President, the conference report on H. R. 1 has not changed the character of the legislation.

It leaves entirely to the President of the United States the final decision on the adjustment of duties and tariff rates within the purview of the 1934 Trade Agreements Act as extended, including the so-called peril point, escape clause, and quota provisions.

ONE-MAN AUTHORITY OVER NATION'S TRADE AND ECONOMY IMPOSSIBLE

It seems to me that no President, indeed no one person on earth, should seek such a privilege, because it is absolutely impossible for one human mind or group of minds to encompass the meshing of the economic factors which go to make up our domestic economy, including our foreign-trade adjustments.

RECIPROCAL TRADE—EQUALITY BETWEEN STATES

It has been said before that true reciprocal trade presumes equality between the States or the nations parties to such a trade agreement.

As a great Republican, William McKinley said, our States are equal—and, I would add to what McKinley said, if they were not equal we wanted them to be equal. Yet we hear complaints between areas in the United States when industries are attracted to a particular area because they find a difference in the wages and the cost of doing business. However that is not a just complaint, in the opinion of the senior Senator from Nevada, because that is exactly what we do want, namely, equality in wages and living standards within the 48 States, so that any sacrifice on the part of one area necessary to equalize such standards on the basis of the natural adjustment of the domestic economy should not be prevented.

FREE TRADE DEMANDS DIVIDING MARKETS, WEALTH WITH FOREIGN NATIONS

When we come to foreign nations, whose situation is such that they will require much time and may never attain our living standards, we are admonished that there would be truly reciprocity, and we are told that all we can do is to divide our own wealth and our markets with them, which will bring us down to their standard.

That is the difference, Mr. President, between the two principles which face the Congress of the United States.

One is to hold our standard of living through the regulation of foreign trade by the Congress of the United States as set forth in the Constitution, article I, section 8. It is the duty of Congress to regulate foreign trade and the domestic economy.

PRINCIPLE OF FAIR AND REASONABLE TRADE COMPETITION LONG GUIDED CONGRESS

Congress has long adopted as a basis of fair and reasonable competition, a flexible duty, or tariff, as we have come to call it, which continually adjusted made up the difference between the cost of doing business, between the wage

standards of living and the taxes in this Nation, and those of the chief competitive nation.

The flexible tariff or duty could be lowered as the living standards rose in the chief competitive country and when the foreign living standards approached our own, free trade, which, of course, is the ultimate objective, would be immediate and automatic.

FREE TRADE AND FREE IMMIGRATION IDENTICAL IN PRINCIPLE, EFFECT

Mr. President, the Federal Unionist's program pointedly advocates a modification of our sovereignty, beginning with free trade and continuing through acceptance of offshore areas as States to pack the United States Senate, and freer immigration. No one can vote for free trade, the importation of the products of foreign low-cost labor, without an evener, called a duty under our Constitution, but which has come to be called a tariff, and vote against free immigration, because the ultimate effect is the same.

LOW-COST LABOR AND LOW-WAGE PRODUCTS BOTH LOWER NATION'S LIVING STANDARDS

Whether we import the low-cost labor or import the product of low-cost labor, the final result is exactly the same, namely, the lowering of the living standards of the Nation.

Mr. President, our economic one worlders and the public relations and propaganda organizations of foreign countries are continually selling the people of this Nation on the slogan that we must have foreign trade; therefore, we must have free trade.

EXPORT TRADE SHARE SHOWS DECLINE SINCE 1934 TRADE ACT

Mr. President, free trade, they do not stop to explain, is entirely unrelated to our foreign trade since foreign nations protect themselves regardless of what we do. For many years our foreign trade averaged in value 7 percent of the exportable goods of the Nation. Since the passage of the 1934 Trade Agreements Act the percentage has been considerably reduced, because, Mr. President, the whole foundation and the reason for trade seemed to have been overlooked by the economic one worlders.

FOREIGN NATIONS REALISTIC ABOUT FOREIGN TRADE

It is not overlooked by the propagandists of foreign nations. They understand it and profit by it. They understand that no individuals or nations ever buy anything from other persons or other nations that they can conveniently produce for themselves.

When they cannot conveniently produce it for themselves, they buy the quality they want where they can buy it at the lowest cost. It has nothing to do with our contribution to foreign nations and the division of our wealth and markets with the other countries of the world.

OTHER NATIONS PROTECT OWN INDUSTRIES WHILE UNITED STATES GIVES THEM AWAY

They simply take what we give them and protect their own. That should be very plain to the Senate of the United States today, after 22 years' experience.

Mr. President, either the Federal Unionist policy of free trade, ultimately averaging our standard of living with the low-wage standards of the other nations of the world, as embodied in the 1934 Trade Agreements Act, as amended, is the principle we should accept, or we should protect, as we did for a century of time, the workingman and the investors of the United States through a flexible duty or tariff continually adjusted to make up the difference, as already explained, between the cost of doing business in this country and in the chief competitive nation on each product.

PROTECTION PRINCIPLE PROVED INCENTIVE TO UNITED STATES BUSINESS

During the period of the protection principle, all anyone wishing to go into business in this country had to determine was whether he could compete with his fellows, with other Americans in the business paying the same wages, taxes, and the cost of doing business.

If he could find raw materials, markets, transportation, power, and other elements of doing business, so that he could, in his judgment, compete with his fellow Americans, then he invested his money and that of his friends, often, selling stock to hundreds of stockholders, and he simply risked his money upon his own business judgment.

PRESENT FREE-TRADE POLICY CURBS AMERICAN ENTERPRISE, INVESTMENTS

Under the present policy, Mr. President, he would have to determine what every other nation in the world could do in that particular business paying low wages under varied conditions, and that it is impossible for him to do. That is the reason why, with the exception of a few larger companies doing business both here and abroad, little money is being invested in the common run of industry, such as the crockery business, the glass business, the machine-tool business, and the textile, and other businesses.

GREEN LIGHT GIVEN BY CONGRESS FOR FURTHER TARIFF CUTS

I just heard the distinguished Senator from South Carolina [Mr. THURMOND], complaining about tariffs and duties being cut already by the Geneva General Agreements on Tariffs and Trade before the conference report reached the Senate—which anyone who read the bill, the discussion, and the testimony, would know would happen. And the end is not yet. The movement has just started, I would say to my distinguished colleague.

FUTURE INVESTIGATIONS PREDICTED

I should like to point out, Mr. President, that when the Congress leaves to one man, whatever his integrity, the determination and adjustment of tariffs and duties which protect a business, or do not protect it, there is endless opportunity for graft and crookedness. His advisers can cause one industry or one area to be traded for another industry or area of activity.

I predict that within a comparatively short time congressional committees will be occupied with investigations of this very abuse of power which is going on at the present time.

**GATT DELEGATES FROM 33 FOREIGN NATIONS
SERVE ONLY OWN NATIONAL INTERESTS**

Who in the General Agreement on Tariffs and Trade, in Geneva, comprised of 33 nations besides ourselves, is determining the tariffs and duties? Whom do they think they are looking out for? They are looking out for their own countries and for their own friends. That is whom they are looking out for. So it is necessary to have a principle in order to avoid such favoritism and manipulations.

H. R. 1 AN ECONOMIC YALTA

I said in the Senate on May 3:

Mr. President, H. R. 1 is an economic Yalta. It is worse than Yalta for this Nation. Yalta was simply a sellout of a friendly foreign people, while H. R. 1, extending the 1934 Trade Agreements Act for 3 years, is a sellout of American workingmen and investors, making up dependent upon foreign nations across major oceans for some of the critical materials without which we cannot fight a war or live in peace, and we could not get them during an all-out war. Yalta is history. H. R. 1 is current.

TRAGIC LESSONS OF YALTA GO UNHEEDED

Mr. President, the only reason why we should be interested in Yalta and its allied treaties and promises is either to change something that was done at Yalta, or else learn how to conduct our affairs in the future. We seem to have done neither.

Mr. President, I further said on June 3:

Yalta has long been an accomplished fact; any investigation of it could only fix responsibility.

H. R. 1, which extends the 1934 Trade Agreements Act for 3 years, signs the death warrant for American industries, workingmen, and investors throughout the Nation.

H. R. 1 provides for a continuation of the Trade Agreements Act of 1934, and, to all intents and purposes, of the General Agreement on Tariffs and Trade, commonly known as GATT. The Secretary of State, Mr. Dulles, has testified that the 1934 Trade Agreements Act, and, as amended, H. R. 1, give the President full authority to participate in GATT. The President, in 1947, proclaimed our adherence to GATT.

Now we have the spectacle of the Secretary of State promising the Senate Finance Committee that he will bring the organizational provisions of the General Agreements on Tariffs and Trade, or GATT, before the Congress.

**PREDICTION ON SECRETARY DULLES' GATT
ASSURANCE RECALLED**

Mr. President, what I predicted then, and I again call attention to the fact, has now come about. On May 3, I said, at page 4648 of the CONGRESSIONAL RECORD:

Mr. President, I assert at this time that the bill introduced in the House will not bring the General Agreement on Tariffs and Trade to the Congress at all.

It will be remembered that there was a great to-do about all this; that, at last, the General Agreement on Tariffs and Trade, made at Geneva by an organization of 34 nations, would be brought before Congress for ratification.

On that basis I presumed to say that the chairman of the Committee on Finance was willing to report the bill from the committee, because I heard him say to the Secretary of State: "If you want to get the bill reported, you had

better bring GATT before the committee."

GATT CONTINUES WITHOUT CONGRESS SANCTION

What the bill provides is exactly what I said on May 3 it would provide. I said:

Should Congress approve the Organization for Trade Cooperation—OTC—it will have approved GATT. If Congress should refuse to approve it, GATT will remain untouched. That is the situation. GATT will continue as organized in 1947.

That is exactly the truth today. If Congress ignores the bill, which it will without a doubt, it will have done nothing to the Geneva General Agreement on Tariffs and Trade.

**THIRTY-THREE NATIONS IN INTERNATIONAL
GAME TO WIN AMERICA'S WEALTH AND TRADE**

The agreement will continue as it was organized in 1947, with 33 other nations and ourselves sitting in on an international sucker poker game with our money and our trade, the only things there which are of any value.

I further said on May 3:

What was the object of the tariff, or duty? Abraham Lincoln's platform in 1860 stated the objective. It said the purpose was the development of the industrial interests of the whole country. That is what it was for.

Congress followed that principle for a century. Then in 1934 it repealed the principle. While article I, section 8, of the Constitution makes it mandatory for Congress to regulate commerce with foreign nations, and to impose the duties, imposts, and excises, which we call tariffs, the Congress has forgotten its responsibility. In 1934 it said: "We will transfer to you, Mr. President, on your request, the right to trade any section of the domestic economy for a fancied foreign policy."

That was what we did.

That is what the original trade agreements act said, and that is what has occurred for 22 years. Since then the economy of the United States has been geared to wars and preparation for war, and our wars are never settled. After World War I was fought to prevent war, we had two wars.

Mr. President, presumably the trade agreements law was enacted as an emergency measure to improve the trade position of this country, but today several provisions to that effect are out of the act entirely. So what does the Secretary of State say? In his testimony before the Committee on Finance he said, in effect, that he could trade any job or any investment in America for a policy in Europe or Asia.

**FREE TRADE SOLD AS "EMERGENCY" MEASURE
PERPETUATED SINCE 1934**

Mr. President, some of the programs which Congress enacts in emergencies seem to have a habit of becoming permanent. The trade agreements program was an emergency in 1934, and might not have injured the United States permanently as an emergency measure.

**FOREIGN AID "EMERGENCY" PROGRAM NOW PER-
MANENT ADMINISTRATION POLICY**

The Marshall plan was devised as a temporary emergency measure. But on the occasion of its consideration by the Senate, I predicted that it would become a permanent program, and it has become so, to all intents and purposes. The Stassens, the Dulleses, and many leading Members of the Senate all say it is permanent and that it is a part of our economy. Well, I still do not like it.

I quote further from my remarks in the May 3 debate, page 4649:

The 1934 Trade Agreements Act, drafted by the State Department and requested by the President, authorized the latter to negotiate with foreign countries to cut tariffs. The President turned this authority over to the State Department and negotiations were conducted on a bilateral basis.

**CONSTITUTION PLACED RESPONSIBILITY ON THE
CONGRESS**

Mr. President, the Constitution of the United States placed this responsibility on the Congress. Why did it place it on Congress? Because Congress represents the people of the United States of America, the people in every precinct in the United States. The Members of the Congress know what is good for this country and they know how to build the economic structure. It had been built for a century on the basis of fair and reasonable competition by adjusting tariffs so as to equalize the wages paid here and those paid in the chief competitive nation, on each product. So the Constitution placed the responsibility on the Congress.

**CONGRESS THROUGH TRADE ACT AMENDED
CONSTITUTION**

Congress, by a simple act, amended the Constitution and transferred its responsibility to the President; the President lodged it in the hands of the State Department; and the State Department then placed it in the hands of GATT, which holds its sessions in Geneva 3,000 miles away, and conducts them on a secret basis. Prior to GATT 29 trade agreements were entered into on a bilateral basis. None of them was ever submitted to the Congress. These bilateral agreements did not come fast enough to suit the New Deal planners.

ITO INITIAL SCHEME OF GLOBAL PLANNERS

From 1943 to 1945 many bureaucratic planners were engaged in scheming up some device by which the distribution of American jobs and markets among the nations of the world might be speeded up and placed under some international agency which could apply them multilaterally or wholesale.

The first plan was to set up an international trade organization, but the planners made one mistake.

They submitted it to Congress, where the plan died in committee.

This did not stop the planners.

They also had set up a so-called General Agreement on Tariffs and Trades, or GATT, which held its first session coincidentally with the meeting to adopt an ITO or international trade organization charter.

MALONE AMENDMENT OF MAY 5, 1955, RECALLED

Mr. President, today we are reaping the grim consequences of this action creating GATT.

On May 4, 1955, I offered an amendment in the nature of a substitute to H. R. 1 which would have returned to the Congress its constitutional responsibility as provided for in the Constitution, or transferred to the Tariff Commission, an agent of Congress, the duty of regulating foreign trade on a basis of fair and reasonable competition. My amendment also provided for quantitative imports, and established a definite method of determining the value of imports.

**TRADE ACT SETS INDUSTRIES, WAGE EARNERS
AGAINST EACH OTHER**

Mr. President, on May 4 I said, as appears at page 4736 of the CONGRESSIONAL RECORD:

Mr. President, the 1934 Trade Agreements Act to be extended by H. R. 1, sets industry against industry, workingmen's group against

workingmen's group, investors against investors. One industry, group, or interest may be preserved while another industry, group, or interest may be traded off and sacrificed for some real or fancied political preferment. That is the policy embodied in the act and bill. It is a policy wrong in principle and disruptive in its effects. The bill which is before the Senate, H. R. 1, will help foreigners and will hurt Americans.

CONFERENCE REPORT WINS NO FRIENDS

Mr. President, I doubt that this conference report pleases anybody.

Certainly the Senate amendments have not pleased the champions of free trade and of continued State Department rule over America's economy.

Sponsors and proponents of H. R. 1 in the House debate yesterday were loud in their protests against Senate tinkering with their pet project to share our markets with the producers and manufacturers of foreign countries.

Opponents of turning our markets over to foreign nations are as vigorous in their opposition to H. R. 1 as they were before the Senate wrote a few piddling changes into the original Cooper bill.

PRINCIPLE IN BILL CONSTITUTIONALLY WRONG

The amendments to the bill do not alter one whit the principle of the free-trade program. The principle of that program is to turn over the constitutional responsibility of Congress to lay and collect duties—meaning tariffs—and to regulate foreign commerce, to the executive branch, meaning the State Department. That principle is wrong—constitutionally wrong—and it is found included in the pending conference report bill.

Mr. President, a bad bill cannot be patched up, and a wrong principle cannot be appeased.

MORE UNITED STATES INDUSTRIES MARKED FOR SACRIFICE

There have been some expressions to the effect that the conference report is a compromise. Where is the compromise?

Congress is still shifting its constitutional responsibilities to State Department underlings meeting in secret in foreign lands.

American industries are still being sacrificed and marked for sacrifice on the socialistic altar of free trade, international free trade.

American wage earners and investors are being sold down the river in order to grant some supposed preference to foreign wage earners and industrialists.

NATION'S ECONOMY SUBORDINATED TO FOREIGN POLICY

America's economic policy, which, under the American system of fair and reasonable competition, made this country rich and great, is being subordinated to a foreign policy that puts foreign prosperity and welfare above American prosperity and welfare.

American industries which are being sacrificed for what the State Department presumes to be some foreign policy advantage, will still, under the conference report, have to beg and plead and go through endless redtape and bureaucratic meddling merely to ask for recourse that will permit them to survive.

PRESIDENT RETAINS VETO POWER OVER ESCAPE CLAUSE

The President still holds supreme veto power over the fate of stricken industries, even when the Tariff Commission recommends escape.

As I have already pointed out, Mr. President, under the bill, the President of the United States would be the absolute dictator of the domestic economy of this Nation, and of foreign trade. All the strings and amendments attached to the bill are designed merely to embarrass, not to direct.

PRESIDENT CAN MAKE OR BREAK INDUSTRIES SUFFERING EFFECTS OF FOREIGN COMPETITION

I point out, Mr. President, that it is not a question of trusting the President of the United States to do his duty. The President, if he had the time, would not know how to do it, because no principle is involved. He can make or break any industry in this Nation which is dependent on a duty or tariff to make up the difference between the wage standard of living in this country and the wage standard, taxes, and the costs of doing business in the chief competitive nation.

FREE TRADE INTERNATIONAL SOCIALISM

What we are considering is international socialism, Mr. President. That is all it is.

It is still, in my opinion, a dictatorial and tyrannical bill, incompatible with the United States Constitution, and I shall continue to oppose it.

Mr. President, proponents of free trade, ever since the free trade program was enacted, have ballyhooed it as stimulating exports.

"Trade is a two-way street," is their favorite cliché.

EXPORTS BEFORE, AFTER 1934 TRADE ACT COMPARED

In the 20 years before the 1934 Trade Agreements Act was passed, we were exporting an average of 7.1 percent of our national product annually. In the 21 years since the 1934 Trade Agreements Act, we have exported an average of 4.6 percent of our gross national product.

In other words, Mr. President, our export trade, percentagewise, was higher when Congress regulated tariffs and foreign commerce than it has been since the State Department took over that constitutional function of the Congress and began regulating the foreign trade and economy.

UNITED STATES OPENS MARKETS TO WORLD WHILE FOREIGN NATIONS CLOSE THEIRS

What have foreign nations done in return for the numerous trade concessions we have offered them, and which under this bill we shall continue to extend to them for another 3 years? The May 20, 1955 issue of the U. S. News and World Report has an interesting synopsis of how other nations have reacted to our largesse. It is headed: "Foreign Countries Limit Buying From United States." I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, this summary from the U. S. News & World Report of May 20, 1955.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

FOREIGN COUNTRIES LIMIT BUYING FROM UNITED STATES

Britain: All imports limited. Only token amounts of nonessentials allowed. Machinery, cotton, tobacco, other raw materials imported in quantity. Tariffs protect some British producers.

France: Imports limited. Exporters can use 5 percent of United States dollar receipts to buy United States goods. Other imports from United States limited to essential machinery, raw materials.

West Germany: Rules being eased. Many United States products imported freely. But quotas in force for food, consumer goods, textiles.

Italy: Quotas on most United States imports, but eased recently. Automobiles, ball bearings, typewriters, canned foods excluded partly to protect Italian industries.

Japan: Imports from United States increased slightly. Goods competing with Japanese industry excluded, such as steel, textiles, fertilizer, drugs, automobiles. Imports mainly raw materials, such as cotton, wheat, rice, iron, hides.

Australia: Low limits on imports; in general, less than 1950-51 level. Only essential raw materials, industrial supplies, machinery admitted; consumer products excluded.

Philippines: Dollars reserved mainly for industrial supplies, machinery. Increased imports of auto parts; finished cars excluded. Tobacco imports controlled to protect Philippine growers.

Pakistan: Quotas set on most imports; increased recently for such United States wares as metals, tools, automobiles, clothing, radios, hardware, phonograph records, sewing machines.

Brazil: Rules tightened. Importers pay special taxes if they buy from United States; tax depends on how essential import is.

Mexico: Quotas on long list of United States products, including automobiles, other things considered luxuries. Tariffs raised to protect Mexican industries.

HOW FOREIGN NATIONS DISCRIMINATE AGAINST AMERICAN PRODUCTS WITH QUOTAS, CONTROLS

Mr. MALONE. Mr. President, the same issue of U. S. News & World Report carried an informative article headed "How United States Traders Fare in the World." I ask unanimous consent to have the article printed at this point in the RECORD as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW UNITED STATES TRADERS FARE IN THE WORLD

(EDITOR'S NOTE: Trade barriers stay high in most of the world, despite United States efforts to get them down. This article, based on study in several countries, shows what merchants are up against. United States tariffs and quotas look liberal compared with controls elsewhere.)

(Reported from London, Paris, Rome, Bonn, Tokyo, and Washington.)

The United States, now getting ready to take another snip off its tariff rates, is wondering what other countries are prepared to do in return that will make it easier for American businessmen to sell abroad.

Over the past two recades the United States has cut its import duties to levels that are quite low historically. You have to go back before World War I to find lower hurdles for foreign manufacturers.

In return other nations have made some tariff cuts, too, but often these have meant little. A high framework of other barriers has been raised—such things as quotas, exchange controls, bilateral agreements, and in some cases actually higher tariffs.

The chart on this page shows how these rules affect the United States merchant when

he tries to sell in some of the important foreign markets.

WHERE UNITED STATES GOODS ARE EXCLUDED

Some nations have quotas limiting all imports, with a special aim of saving dollars. In practice this means quotas are tailored to keep out all but the most indispensable United States products. Such 100 percent control is found in Austria, Ireland, Norway, Portugal, and Turkey. Few things other than "essentials" are admitted also into Britain, France, and Australia.

Since World War II most governments have been claiming they need tight controls over imports because of the dollar shortage. They wanted to use scarce dollars for industrial equipment and vital raw materials instead of luxuries.

But in the past few years the dollar shortage has become less of a problem; many countries, especially in Europe, have been able, thanks partly to United States foreign-aid grants, to pile up some spare gold and United States currency. The shortage excuse for controls has become less persuasive.

United States diplomats as a result are becoming more insistent on moves toward freer trade. They are telling foreign leaders, "Congress won't go on voting for freer trade unless you take some steps in that direction, too."

WHERE UNITED STATES GOODS ARE WELCOME

Here and there countries are moving toward free trade, especially on the European mainland. Economists estimate that 98 percent of Switzerland's imports now are not affected by quota limits. In Belgium, Holland, and Luxembourg trade free of such limits is put at 86 percent; in Greece, 90 percent; in Western Germany, 65 percent; in Sweden, 55 percent.

But only a few countries, chiefly in the Western Hemisphere, do business rather freely with the United States; Canada, Cuba, Panama, and Honduras are in this group, which controls few imports or none at all.

Britain, Denmark, and Italy are being urged to loosen up. The Organization for European Economic Cooperation is making a study, supposed to be finished next month, to see how much such countries can step up their purchases from the United States without running into the red.

Now that the dollar shortage is less of an excuse for controls, a more hardboiled reason is becoming prominent. This is protectionism, restricting imports to promote local interests.

Throughout the world the United States is labeled "protectionist." Yet United States merchants tell of many instances in which this charge can be turned against the foreigners.

WHERE INDUSTRY IS CODDLED

In Italy, for example, there is a demand for automobiles beyond what local producers can supply. However, United States cars are excluded to reserve the market for Italian makes.

At one time Italy bought carbon electrodes from the United States. Then a plant was built to make this product in Italy. Imports were shut off. The same thing happened in linotypes, American officials say. After Italy got a plant for making typesetting machines she refused licenses to import them from the United States.

Yet Italy allows dollars to be used to buy American phonograph records. This shows that controls are not merely to save money for essentials.

The Philippine Republic wants more tobacco grown at home; so it has set a smaller quota for imports. Automobile assembly plants are being set up; so auto parts are to be brought in but finished cars are to be excluded.

Western Germany, one of the freer-trading nations, uses import licensing to protect farmers and some manufacturers. The United States now is trying to get officials

in Bonn to admit some canned fruits and vegetables, household appliances, and textiles.

HOW GOODS ARE KEPT OUT

The United States businessman trying to operate in these countries encounters a bewildering array of rules; no two countries have the same methods.

Some rely largely on controls over money. A number of South American countries have schedules of exchange rates that discourage certain imports; the less of a thing they want, the more of the currency they make the importer put up when he gets dollars to pay his supplier in the United States. Since the Government controls the money market, the higher rate amounts to a tax.

In Brazil, for instance, a 10-percent tax in Brazilian money, cruzeiros, is levied on all purchases of dollars. Then, in addition, the merchant who imports luxury items from the United States must pay 100 cruzeiros for each dollar he needs to swing the deal; this is 5 times the rate of exchange paid on imports of certain ores, medical equipment, and farm implements, which are considered highly important.

Of late, Brazil has made this control system more costly to importers.

Many other countries rely more heavily on quotas, setting specific limits on the amount of goods that can be brought in. In Britain, all imports are licensed. Blanket or general licenses are announced for many heavy essential supplies, such as tobacco, cotton, wheat, and fertilizer.

For a long list of nonessentials only token imports are cleared; these are confined to brand-name products sold in Britain before World War II.

Tariffs are another form of control, as in the United States. British tariffs on some consumer goods range from 20 to 30 percent in value. Even if import licenses were granted, American merchants might find this barrier hard to scale.

Mexico, within the past few years, has raised many tariffs.

TIGHTER CONTROLS

Some other countries have been tightening up their controls over imports more recently.

Colombia, like Brazil, is hurt by the drop in coffee prices. She recently banned imports of 135 luxury products. Stiff taxes, ranging from 10 percent to 100 percent, were prescribed for all but the most essential raw materials, when imported.

Australia also has decided to cut down on imports. She has, all along, excluded many types of products.

OTHER BUSINESS PROBLEMS

The businessman who tries to get around the import barriers by setting up production in foreign markets also runs into numerous difficulties.

In Britain, the United States businessman has to get Government O. K. to build a factory or open some other business. Factories have to be shown to be essential.

An American hotel chain got permission to build and run a hotel, soon to open in London; this was considered important because it would show British hotel managers how an American hotel is run. Permission was denied to a second chain that wanted to buy and operate a British hotel; one example was enough.

Japan is eager for United States patents and technical help. But she does not welcome foreign investments unless control is given to local businessmen. One American drug company. In setting up a Japanese subsidiary, was forced to let Japanese hold 50 percent of the stock.

Italian business interests sometimes gang up on an invader. A United States company proposed to set up a plant for making files, but changed its mind when it realized the political power of the Italian manufacturers;

it could get no assurance that licenses would be granted to get needed machinery into the country.

POINT OF VIEW

The American official or businessman who points to these obstacles is likely to meet with a variety of excuses abroad.

Foreigners emphasize that the United States still sells more than it buys in world markets. As United States aid diminishes, dollars to bridge the gap will be harder to come by.

If the foreigners buy more from the United States, it is argued, they may buy less from each other. If Britain or Germany takes more citrus fruits from America, Italy will lose part of her market.

In addition, it is noted, the United States also has some controls besides tariffs; quotas are set on imports of a number of important farm products.

All these arguments make the free, multilateral trade that was the United States post-war goal still seem a far-off dream. To the merchant they mean that barriers will be high for quite sometime, even though United States takes steps to reduce them.

FOREIGN NATIONS GREEDY FOR NEW UNITED STATES DUTY CUTS

Mr. MALONE. Mr. President, today's issue of the Wall Street Journal carries, under a Washington dateline, an informative article on what tariff concessions foreign nations will request from the State Department. The article is headed: "Trade Bill's Passage Will Spark a Scramble for Duty Cuts, Boosts—Federal Agencies Hope To Swap Reductions for Some Concessions From Abroad—Whisky and Roquefort Cheese." I ask unanimous consent to have the article printed at this point in the RECORD, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TARIFF TURMOIL: TRADE BILL'S PASSAGE WILL SPARK A SCRAMBLE FOR DUTY CUTS, BOOSTS—FEDERAL AGENCIES HOPE TO SWAP REDUCTIONS FOR SOME CONCESSIONS FROM ABROAD—WHISKY AND ROQUEFORT CHEESE
(By Philip Geyelin)

WASHINGTON.—The United States is about to begin preparations for a big new tariff-cutting conference. Target date: January 1956.

At the same time the Government is bracing for demands for higher United States duties from American businessmen bothered by competition from abroad.

Pinpointing the results in terms of specific commodities is impossible at this early date. But the United States in coming months will be pushing for tariff concessions on a wide range of its products, such as autos and synthetic fibers, and will be under pressure to reciprocate with tariff cuts on British whisky, French cheese, and Italian embroideries, among hundreds of other items. Similarly, producers of such things as wood screws and fluorspar are likely to be pressing for added tariff protection. The upshot is sure to be some tariff tinkering of vital interest to all kinds of United States businesses.

TARIFF TURMOIL

Signaling the start of this tariff turmoil will be President Eisenhower's signature on H. R. 1, a bill to extend the 21-year-old Reciprocal Trade Act for another 3 years. Yesterday, the House overwhelmingly approved a compromise version of the measure, and the Senate is counted sure to do likewise today. Mr. Eisenhower, who has made the bill a "must," is likely to waste little time signing it into law. Key provisions:

Authority for the President to trim United States tariffs 5 percent a year for the next 3 years, and over the same period to roll back to 50 percent of an import's value any duties above that figure.

Several new provisions to make it easier for United States industries to build a case for higher tariffs on this or that import. In some instances they may be able to plead that foreign goods are endangering national security by putting defense-essential United States firms out of business. New language in the law will also make it less difficult for United States businesses to prove they are suffering from foreign competition in United States markets.

NEW POWERS

The Eisenhower administration is itching to use its new tariff-cutting powers. The minute H. R. 1 clears Congress, the State Department and other United States agencies with a stake in world trade will begin preparations for the coming conclave, the fourth big multinational tariff-cutting get-together since passage of the Reciprocal Trade Act in 1934. The first such session took place in 1947, in Geneva, where the United States and 22 other countries first agreed to a multilateral trade pact entitled "The General Agreement on Tariffs and Trade"; at subsequent sessions at Annecy, France, in 1949, and at Torquay, England, in 1951, the GATT's members exchanged further trade concessions, and new members were added. Right now the GATT numbers some 34 signatories, who do 80 percent of the world's trade.

Before long the United States will likely send formal word to GATT's executive secretary proposing another meeting to revise the agreement by exchanging tariff concessions of one kind or another. Officials here are hoping representatives of at least two dozen countries will show up. Meanwhile, the State Department will start bilateral talks with GATT members to sound out their wants and see what the United States might offer in return. In fact, some of this spadework, on a strictly tentative basis, is already under way.

The pace of the preparations will step up sharply in coming weeks. Getting ready for tariff talks is a complex and time-consuming process, involving exhaustive study of trade and tariff trends for hundreds of commodities, lengthy talks with foreign diplomats, and long public hearings by an interagency committee on the Government's list of candidates for tariff cuts. The Tariff Commission has a hand in tariff cutting; it fixes peril points, beneath which, in the Commission's judgment, duties cannot be cut without injuring United States industries. The President can breach peril points simply by notifying Congress he intends to do so, but this is rarely done.

HASTE IS IMPORTANT

"We're going to be run crazy around here trying to get ready by the end of the year," says one top State Department man. But he notes that haste is important; the 5-percent duty reductions for the first of 3 years of the law must be negotiated by June 1956, or the authority is lost, under the bill about to become law. Officials figure they should allow almost 6 months for the negotiating. That's why they'd like to start the GATT negotiations in January.

What the United States gets from all this give-and-take depends a lot, of course, on what other countries are willing to offer in exchange. Predictions are hazardous, too, because a concession, for example, might be a tariff cut, or else simply a promise not to increase a duty or not to impose one. Also, generalizations are tricky because United States interests, or those of a foreign land, may vary widely between different varieties of one group of goods—between low-cost and expensive automobiles or cotton textiles, for example.

But talks with United States trade officials and a study of trade statistics do give a rough idea of where the tariff cutting may concentrate. I high State Department official sums up the coming trade confab this way: "Mostly we're going to be dealing with European countries, Britain, France, Belgium, Germany, Italy, also with Japan and Canada. Only a few raw materials will be involved, because they're mostly duty free. Much of the negotiations will center on finished manufactured goods, such as United States machinery, electrical appliances, and autos, and foreign glassware, finished textiles, toys, and fancy hand-crafted items."

WHISKY AND WOOLENS

Officials of a number of foreign countries have already jotted down a list of the items they'll want to talk about at the next GATT get-together. The British, for example, make no secret of their yearning for concessions on their whisky, certain kinds of cutlery, some woollens, and iron and steel manufactured items. The French would like easier United States tariff treatment on Roquefort cheese, laces, and candied cherries.

The Germans, Belgians, and Dutch are also said to be ready with plenty of suggestions on how Mr. Eisenhower should use his tariff-cutting authority.

But some experts at the State Department, the Commerce Department, and the Tariff Commission are quick to caution against any hopes or fears of widespread, deep tariff slashes. They believe the President's new authority won't permit enough sizable tariff cuts to tempt other countries into making a larger number of important concession in return. Their arguments are expressed in these statistics:

A Government study of the impact of the new law, based on 1952 trade patterns, indicates the President could cut duties on well over 4,000 items, by wielding his new powers to the hilt. Of the total, however, only about several hundred are in the over 50 percent tariff category that might be eligible for cuts of more than 15 percent in the next 3 years. Roughly 85 percent of all the 4,000 or more items are in the category for which a 15 percent cut in the 3-year period would provide the biggest reduction in existing duty rates. Of this 85 percent, moreover, most items now carry such low tariffs that a 15 percent cut would produce only a relatively small reduction in the actual rate of duty.

NOT MORE THAN TWO POINTS

Thus, the study shows, a 15 percent tariff cut would reduce the rate, measured as a percentage of the value of the item, not more than 2 percentage points in the case of 268 out of 498 chemical, oil, and paint items; 118 out of 375 earthenware and glassware products; 334 out of 879 metals and metal manufactures; 56 out of 105 wood products; and 326 out of 547 agricultural items.

All told, an across-the-board 15 percent cut on all items would produce a 4 percentage points or less reduction in the duty for about two-thirds of the items, representing 90 percent of the value of imports in 1952 that were subject to duties.

"When the duty is low, and the cut would be small, it's not a very tempting bait to offer for foreign concessions," says one official, who notes that United States tariffs, where they exist, already average about 12 percent of the value of the affected imports, while over half of all United States imports come in duty free.

The State Department's experts have one scheme to make the United States offerings more alluring: They aim to offer the full 15 percent cut to the foreigners in one package, even though it will have to come in three steps, at 5 percent a year. They hope these progressive cuts will please foreign countries which otherwise would have to en-

gage in separate negotiations in each of the 3 years in order to benefit from the full 15 percent authority the United States will have until 1958.

"SEGMENTS" CAN PETITION

Some Government officials and some private trade experts are also convinced tariff boosting may not be as brisk as some free-trade advocates predicted during debate on H. R. 1. The new law contains one provision which grew out of past Tariff Commission rulings against United States firms seeking protection against foreign wares. In several instances the Commission had denied relief on the grounds that the complaining firms did not represent an industry, but only a "segment" of an industry. The new law will permit the "segments" to petition for tariff relief.

Tariff Commission officials concede this might offer new hope to some manufacturers of wood screws and safety pins, and to a lone chalk-whiting producer, who were denied tariff protection at least in part because the Commission considered them only a segment. Other small parts of industries, as well as individual firms, might also flock to the Commission. But officials don't expect such a flood of applications. Says one:

"In past cases, the Commission never made the segment question the turning point in the case; other reasons are usually given in support of an adverse ruling, so there's no guaranty the Commission would reverse previous rulings simply because of the new law."

A NEW DEFINITION

The new law also will provide a new definition of the extent an industry must suffer from foreign competition in order to qualify for protection. The new language (the key words are substantially injured) is supposed to make it easier to prove hardship. How it will work in practice, however, is hard to predict. Says one Tariff Commission official: "The new wording pretty much reflects the way the Commission has been ruling; it won't change existing practice much."

The real key, it should be noted, is the President himself. The Tariff Commission can only recommend a tariff boost; the President will still be free to reject the Commission's recommendations, as Mr. Eisenhower has done on 8 out of 10 occasions since he took office.

As for the new provision to grant tariff relief when imports endanger national security, the decision again will be up to Mr. Eisenhower—this time on the advice of the Office of Defense Mobilization. The amendment was backed strongly by oil, zinc, and lead producers, and doubtless other industries will feel they fit its terms. But Tariff Commission men note that the Commission itself recommended a boost in lead and zinc duties last year, and was overruled by the President.

WON'T DECIDE CASES

Says one Commission higher up: "These new provisions won't in themselves decide cases; they'll make it easier for a Commission member who favors tariff relief on a commodity to buttress his case; and anybody otherwise inclined might have to work a little harder to document his arguments."

Perhaps more significant is this comment from an official of the protectionist-minded Tariff League: "We don't expect anything like a flood of petitions for tariff relief under this new law; in fact, there might not be any noticeable increase in activity." He reasons that prosperity is the clue to the question; if business turns worse, a lot of firms may be looking for help wherever they can get it, including more protection from foreign competitors. But if business stays good, this private trade official believes, most firms will prefer not to spend the money or take the time necessary to plead a case before the Tariff Commission.

In short, there'll be a lot more than the usual activity on the tariff front in the months ahead, but Washington's experts feel sure the tariff cuts won't be as plentiful or as deep as some protectionists predict; the foreign concessions won't be as generous as United States exporters would like; and tariff increases won't be as numerous as many free traders fear.

JAPAN TRADE PACT ENGINEERED THROUGH GATT TO COST UNITED STATES MORE JOBS, MARKETS

Mr. MALONE. Mr. President, the State Department has just negotiated a trade agreement with Japan, our former enemy. The State Department did so through the Geneva General Agreement on Tariffs and Trade.

The trade contingent of the State Department were enabled to spend 4 months in Switzerland at the expense of the taxpayers of the United States, while figuring out new ways to give away American jobs and markets; and they were doing that while Congress was considering the bill to extend their right to do so.

They simply took it for granted that the bill would be passed, and that the 34 nations, including the United States, would continue to cut up and divide the markets of the United States.

Mr. LONG. Mr. President, will the Senator from Nevada yield for a question?

Mr. MALONE. I am very glad to yield to my distinguished friend, the Senator from Louisiana.

Mr. LONG. Can the able Senator from Nevada tell us what happened to all the so-called "trade, not aid" in this case? We were told that if we would trade with these countries, we would not be called upon to make so much foreign aid available. But this year we have been asked to liberalize all our tariffs, and also to appropriate considerably more money for the giveaway program than we have ever done before. Where is the "trade, not aid" coming in?

UNITED STATES DECEIVED BY SLOGANS

Mr. MALONE. Mr. President, no one ever said the aid would be less. We were simply given the slogan of "trade, not aid," but no one said how much the aid would be or to whom it would be given. We were simply provided a slogan which was mouthed by almost everyone in the United States, just as the phrase "dollar shortage" formerly was mouthed, after the London bankers invented it, and just as the phrase "reciprocal trade" was mouthed in 1934. No one said then what it was or what it meant; it was simply a phrase to be mouthed at cocktail parties and other functions and to be finally adopted by the Congress of the United States without serious question.

Mr. LONG. I am sure the Senator from Nevada knows that only recently the Congress passed a bill authorizing \$3,500,000,000 for foreign aid.

Mr. MALONE. Of course I know that, and I voted against the bill. I must say that although General Marshall, when he read his speech at Harvard University proposing the plan that bears his name, did not know that a certain paragraph was in it until he read it, and did not know what the paragraph meant after

he read it, the top Labor Party man in Britain, Mr. Bevan, and the Labor Party was in power then—knew what it meant, and "took it on the first bounce" and told us within 30 days just what it was going to cost us. It was collusion between high officials in the United States and England.

MANY NEW SENATORS BEGUILLED BY FREE TRADE BALLYHOO

Mr. President, since 1934, a new generation of Senators have come to the floor of this Chamber. Those Senators apparently believe that we have always had free trade. However, it has been inaugurated since 1934. The new generation of Senators apparently think we have always divided the money of the United States taxpayers and the markets of the United States with the other countries of the world. We have heard the arguments.

PERPETUAL AID PROPONENTS WOULD SHAKE UNITED STATES DOWN TO WORLD LIVING STANDARD LEVEL

We have heard the statements made by Mr. Stassen and Mr. Dulles. They say the United States must have a permanent program of dividing the money of the taxpayers of the United States and the markets of the United States with the rest of the world, until the rest of the world lives like we do—or until we live like the rest of the world does. I think the latter will be what will happen.

No one ever said the amount of the foreign aid extended by the United States would be reduced. We were simply given a slogan, which was solely for the purpose of keeping the Members of Congress quiet for another 2 years. Next year we shall be given another slogan, no doubt.

FOREIGN AID DIRECTORS SHIFT AS PUBLIC CATCHES ON TO THEM

Now Mr. Stassen has been moved out of the line of fire, because he has been shown up for what he is. But someone else will take his place; and as soon as we learn about him, he will move on.

There have been 6 or 7 administrators of foreign aid, so far; and there have been 5 or 6 different slogans. So long as we are kept fairly busy and so long as we are doing fairly well, we do not stop to think. Only those who are lean and hungry stop to think. Some of the people of my State and some of the people of Louisiana are in that condition at the present time. When there are enough of them, there will be a change in policy on the floor of the Senate; there can be no question about that.

CONSTITUTIONALITY OF TRADE ACT BEING TESTED IN COURTS

We seem to pay no attention to the Constitution. Constitutional responsibility seems to mean nothing now. But before we get through, it may mean something, because of a certain case which has been filed in the United States Court. Regardless of who appointed the judges of the court, I believe they have integrity, and I believe that most of them are in favor of the United States of America; and it is my opinion that if they stop to think about this matter, the case will remain in court. If it does, we will win it.

So let the Congress take back its responsibility, Mr. President.

FUTURE EFFECTS OF TRADE ACT UNSEEN BY CONGRESS IN 1934

I was a State engineer in Nevada when the 1934 Trade Agreements Act was passed. When I heard of it, I nearly fell off my chair, for anyone could see where the country was headed under such a measure. But at the same time, Mr. President, on the floor of the Senate and in the House of Representatives there was a lack of knowledge of the effect of the bill.

The then existing system had been going on for nearly a century, and had worked fairly well; and many Members of Congress thought that if the proposed act went into effect, they could avoid their responsibility.

In short, they felt that after the act went into effect, they would be able to go home and, when their constituents asked, "Why didn't you do better in regard to sugar, and why didn't you do better in giving tariff protection to the products of our State?", they would be able to reply, "I am sorry, but the State Department is responsible for all of that; Congress is not responsible for it."

MANY NOW FOLLOWING THE CONGRESS' FREE TRADE ACTIVITIES

Mr. President, many persons now are looking behind that act. They know that the Senate is supposed to be the greatest deliberative body in the world; and they know that the Senate and the House have passed an act, and since then have passed reenactments of it, shifting the constitutional responsibility of the Congress to regulate the economy of the United States of America and to regulate foreign trade to one man, an executive, who has said, "Oh, no! I will not hurt your industry."

No one man in America could know when he was going to hurt an industry, because he could not encompass all the economic factors which must mesh in order to produce a result.

TEXTILE INDUSTRY HURT BY STATE DEPARTMENT

The State Department was moving to destroy the textile industry in Geneva, about which my distinguished friend from South Carolina [Mr. THURMOND] complained, while he was voting for the passage of the bill.

The senior Senator from Nevada made that statement on the floor of the Senate at the time. Everyone knew it. The situation had been in existence for 4 months. All it was necessary to do was to wait until the bill was passed, and then make the announcement.

Final action will be taken today. I am surprised that those in charge of the bill did not wait until tomorrow. That was the only mistake they made. They did not realize that no speeches would be made on the other side of the aisle today.

The votes are here to approve the conference report. I hope there will be a record vote. My vote will not help to approve it. But when it is approved, some think it will be 3 years before the question can be brought up on the floor

of the Senate again. I do not agree with that view.

FREE-TRADE POLICIES DESTROYING UNITED STATES MINERALS INDUSTRIES

Two or three Senators on the other side of the aisle have discussed fluorspar, one little mineral product of several thousand which are being destroyed. The mineral field is only 1 field out of 50 that are being destroyed. We are treading water and keeping our heads above water by means of a war economy. We are buying everything, so that some company which is about to go out of business can be given a war contract, to enable it to convert its production.

What would we do tomorrow with free trade on our necks? If we are ever successful in arriving at the peace for which we pray, what will happen to our economy? It will be sunk without a trace in 30 days.

CASE FOR UNITED STATES FLUORSPAR PRODUCTION STATED

So we are for fluorspar, wherever it is produced, including Illinois and Kentucky. Let me say something about fluorspar. That subject has been brought up today on the floor of the Senate. It was discussed in committee.

Fluorspar is one of 5,000 products. The subject has been brought up because of fluorspar is used in the national defense. Of course, it is, but competition comes from Canada and Mexico, where it can be obtained just as well during a war as it can be obtained from Illinois and Kentucky.

However, there is one thing which we cannot get as well from Canada and Mexico as from Illinois and Kentucky.

SMALL UNITED STATES COMMUNITIES INJURED BY FLUORSPAR IMPORTS

We cannot assure preservation of the economy of the small communities in this country where fluorspar is produced. So we pay wages of \$12 or \$15 a day in Kentucky or Illinois to produce fluorspar, when we can get it from Mexico on the basis of wages of \$2.50 a day.

FOREIGN MERCURY SQUEEZE CITED

Of course, it is said that the customers are entitled to a break. Let me tell the Senate what will happen. I refer to another mineral, mercury.

Competition in the production of mercury comes from Italy and Spain. We were producing all the mercury we needed in World War II, at about \$275 a flask. When the war ended, in order to put the American people out of business in the production of mercury, the price was dropped to \$67 a flask for Spanish mercury, and the Spanish producers were still able to make a few dollars.

American producers were thrown out of business, and some of the mines were flooded. Then when they were out of business where did the price go? It went to \$350 a flask. That is about where it still is.

UNITED STATES MERCURY PRODUCERS FACE RISKS IN RESUMING OPERATIONS

Some of the domestic producers are trying to get back into business, but when no principle is adopted by the Congress to establish a duty or tariff on the basis of the difference between the cost

of doing business here and in Spain, or in Italy, at an amount which will guarantee a price somewhere near the wage-standard-of-living cost here in this country.

Just about the time American producers get back into business the price will go down to whatever point is necessary to put them out of business again, whether that point be \$67, \$87, or \$187.

UNITED STATES CONSUMERS FAIL TO BENEFIT FROM TARIFF CUTS

So, notwithstanding all the talk on the floor of the Senate, the customers do not receive the benefit of tariff rates which fail to represent the difference between the low-wage standard of living abroad, and the high standard here.

Residents of foreign nations have had long experience in this field. They know what they are doing. They take what the traffic will bear. Of course, they cannot be blamed for that. The only ones we can blame are Members of the House and Senate, who believe that the customers are to receive the benefit of a lower cost.

JAPAN'S PLIGHT SEALED BY TREATY

What is the situation with respect to Japan? Mr. President, I am not making a speech against the Japanese people. The present situation is our own fault. I spoke on the floor of the Senate shortly after the Japanese treaty was signed in San Francisco. Members of the Senate who acted as our representatives in San Francisco had just returned, and they were lauding Acheson to the skies. I was undergoing a "slow burn." I took the floor for an extemporaneous address. I said, "When we lost China deliberately, we lost Japan. When we signed this treaty, we completed the deal. Japan will have to trade with Manchuria and China."

At that time they were getting iron ore from Lovelock, Nev., and shipping it 10,000 miles at our expense. Of course, they could not do that and compete with anyone. So they had to get iron ore from Manchuria. A 5-year-old boy could have told them that.

EARLY FORECAST OF JAPAN'S SITUATION COMES TRUE

Everything I said in that extemporaneous address on the floor of the Senate at that time is coming true today. Of course, Japan is going to trade with China, Manchuria, and Russia. England will not allow her to trade with the Malayan States with respect to anything England can furnish the Malayan States. A similar situation prevailed with respect to Indochina, insofar as France was concerned, until she lost a part of it.

I stated in one of my addresses, on the third or fourth of May of this year, that I greatly admired the English people on two counts, especially. First, they have brains. Second, they are for England. We are the only nation on earth which produces people who are not for their native country.

STATE DEPARTMENT YIELDS JOBS, MARKETS, TO JAPAN

Mr. President, the State Department in its trade agreement with Japan, just concluded, sought new ways to give away American jobs and markets.

They succeeded.

TARIFFS CUT ON JAPANESE CHINAWARE, POTTERY

First, they gave Japan substantial reductions in tariffs on chinaware, earthenware, and pottery. During hearings on H. R. 1 both labor and management of this industry in America testified to the serious injury already inflicted on it from California to West Virginia and Ohio by cutthroat foreign low-wage competition stimulated by cutrate tariffs.

American spokesmen for American industries manufacturing these commodities opposed extension of the Trade Agreements Act, citing data on business and employment cutbacks caused by imports from Japan and other foreign countries.

STATE DEPARTMENT BOASTS "SUBSTANTIAL CONCESSIONS" TO JAPANESE PRODUCERS

The State Department cut the tariffs still lower. They cut the tariffs on table and kitchenware, of which imports in 1954 amounted to \$1,118,000, and on earthenware other than kitchenware, much of which is art pottery. Imports of art pottery from Japan in 1954 amounted to more than \$2 million. Duties on chinaware not only were reduced but a new set of value brackets was established, in order to "give Japan a substantial concession on the particular types and grades of chinaware exported to the United States in largest quantities."

The ad valorem rate was reduced on china artware, which has already captured over 40 percent of the American market. Imports, mostly from Japan, last year totaled more than \$5 million.

DUTIES REDUCED ON JAPANESE GLASS DESPITE STRICKEN UNITED STATES INDUSTRIES

Glassware industries in the United States are in distress, and one of them, the Morgantown Glassware Guild, has filed suit in the Federal courts to test the constitutionality of the 1934 Trade Agreements Act and GATT.

GATT is the international sucker poker game in which 33 gifted and educated and experienced representatives in international trade sit down with the United States. We are the only ones who have anything of value in the pot.

If H. R. 1 were not passed and if we did not extend the 1934 Reciprocal Trade Agreement Act, does anyone think the sucker poker game would go on? It would never be called to order again, because it is just like any other poker game in any town; if the man with the money does not sit down, there is no game; if he does sit down, the game goes on. So we sat down.

Duties were reduced on Japanese imports of certain types of glassware, blown or colored, cut, engraved, and decorated, on glass globes and shades and on glass Christmas-tree ornaments.

JAPAN GETS TARIFF CUT ON OPTICAL GOODS

In the optical field, duties were cut on Japanese low-cost spectacles, eyeglasses, goggles, lenses, prism binoculars, telescopes, and microscopes.

America's market for electric light bulb and lamps was further opened up by our State Department negotiators, who boast that Japan was granted the maximum concession permitted by law

or a straight across the board 50 percent reduction.

SMALL UNITED STATES FIRMS HIT BY TARIFF CUTS ON MIRRORS

A reduction was also granted by Japan on small glass mirrors. Says the State Department in its analysis:

Such mirrors are used largely for vanity cases, ladies' pocketbooks and in shaving sets. Production of these mirrors in the United States is by numerous small firms employing a comparatively few people each, located in the large metropolitan centers, principally New York City.

In other words, little businesses and safe to single out, in State Department eyes, for damage or extinction.

Mr. President, for many years the American sewing-machine industry has vigorously opposed the trade agreements program, which is destroying it.

JAPANESE SEWING-MACHINE MAKERS GAIN HUGE UNITED STATES MARKET AND NEW TARIFF SLASHES

Some sewing-machine factories, I understand, have been shut down now for several years. Others have their backs to the wall. The sewing-machine industry in the United States, an industry which had its beginnings in the United States when an American, Elias Howe, invented the first one, is marked for extinction. The State Department seems determined to hasten its execution.

In 1953, the Department tells us 439,570 sewing machines were imported from Japan, and Italy and Germany, it adds, were also important suppliers. The 1954 import figures are not given. As soon as they are available I shall inform the Senate.

In 1948 GATT reduced the import duty from 15 to 10 percent. The State Department now magnanimously extends this rate to Japan and binds it against increase.

SEWING MACHINE DEMONSTRATION ON SENATE FLOOR RECALLED

Apropos of all of this, it will be remembered that in 1948 or 1949 I had a foreign sewing machine on one corner of my desk and a domestic sewing machine on the other corner of my desk. No one could tell them apart 15 feet away.

The name of the foreign make machine was inscribed under the framework, so that it could hardly be seen. Both machines were guaranteed to do the same work. So far as the wholesale price was concerned, 1 sold for \$20, and the other for \$70.

The machine which was imported was made by labor that was paid 12 or 15 cents an hour, and the domestic machine was made by labor that was paid \$1.80 an hour, which was the only real difference between the 2 machines, aside from taxes, and the cost of doing business in this Nation, as compared with Japan.

UNITED STATES FISHERIES DEALT BLOW BY TRADE PACT

Mr. President, the tunafish industry and the shellfish industries are of great importance to the Pacific coast, employing thousands of fishermen in scores of small enterprises and companies.

For years this industry has been struggling to survive. Before Pearl Harbor it fought the Japanese inroads and

imports. Since the war it has had to fight the State Department. It has done so vigorously and courageously. Now the State Department has struck back. Whether willfully or through ignorance, the State Department has struck back, not only at the Pacific coast tuna fishermen, but at other fisheries as well.

Japan was given the low GATT rate of 1½ cents a pound on fresh or frozen swordfish. The 1954 imports, of which nearly all were from Japan, totaled \$2,825,000, for 14 times the value of American swordfish catch, which, as Japanese fish pour in has constantly declined.

FOREIGN PRICES INCREASE AS UNITED STATES PRODUCERS GO OUT OF BUSINESS

I wish to point out again that American consumers get the advantage of the lower price, whether it be tuna fish or sewing machines, or any other product, only until the American producers are either driven out of business or are so maimed and crippled that they can no longer offer competition. Then the foreign product will take all the traffic will bear.

Therefore the old saw that the consumer gets the benefit of the difference is only a hallucination brought about, undoubtedly, by the 20-year mental aberration we have experienced, in which our thinking has been just as crooked as the manipulations of foreign trade brought about by the General Agreement on Tariffs and Trade and by the foreign nations.

TARIFF CUTS ON FOREIGN TUNA CITED

Japan was granted a duty reduction from 45 to 35 percent on tuna packed in oil and the rate on tuna packed in brine was bound at 12½ percent on an aggregate quantity equal to 20 percent of the United States pack.

FINEST JAPANESE TUNA TO COME IN FREE

But the State Department really reached the height of generosity in its concession to Japan on imports of fresh or frozen Albacore tuna. It is to come into the United States free.

Says the State Department:

The most important free list binding in terms of volume of trade was the binding of fresh or frozen Albacore tuna.

The State Department further states:

Albacore usually makes up the bulk of United States imports of fresh and frozen tuna. Albacore is generally packed as white meat tuna and brings a higher price in the United States market than imports of other species.

The domestic Albacore fishery has been sporadic and uncertain. In 1954 the United States catch of Albacore appeared to have been about 24 million pounds, as compared with about 53 million pounds in 1952 and a record catch of 73 million pounds in 1950.

With these wide variations in the domestic catch of Albacore and the constantly growing consumption of tuna, substantial imports of Albacore will be needed to enable domestic firms to schedule more even canning operations and provide steadier employment.

Albacore represents a high percentage of the Japanese catch and the United States has been Japan's most important market for the product. Of total exports of frozen tuna amounting to about 114.7 million pounds in 1954, albacore represented 64.4 million pounds of which 61.1 million pounds were exported by Japan to the United States.

RECORD SHOWS FREE TRADE CUTS DOMESTIC PRODUCTION

I wish to point out, Mr. President, that many Senators and Representatives are fond of quoting the reduced production of certain materials in this country as a reason for free trade and further imports, when, as a matter of fact, two decades of free trade have caused a reduction of production. So, their slogans are very good. If they want to increase foreign trade, they want to increase production in this country. But their policies reduce both. That is the cold, hard record, Mr. President.

I have not had time to hear from the tuna fishermen from California, as to whether they are delighted by the State Department's contention that free tuna imports from Japan will help them and their industry.

Perhaps they will not be so enthusiastic as the State Department diplomats, who I suspect have never had to face the hazards of fishing along the Pacific coast for tuna.

JAPAN WINS TARIFF CONCESSION ON CRABMEAT, CLAMS

Japan will supply us with the choice tunafish we need, and also with the canned crabmeat and canned clams, the State Department, in effect, assures us.

For no reason at all that I can see, the State Department informs us that the canning of crabmeat in the United States centers in South Carolina, Louisiana, Oregon, Washington, and Alaska.

Perhaps it considers them relatively unimportant States and areas. Certainly it cannot think they are as important as Japan, which, in 1954, shipped 4 million pounds of canned crabmeat, valued at \$4 million, to the United States.

The duty on canned crabmeat was bound at 22½ percent and that on clams was reduced from 35 to 20 percent.

SOUTH LOSES; JAPAN WINS ON TEXTILE TARIFF SLASHES

The textile industry—and I now come to South Carolina, with reference to which I heard a complaint on the other side of the aisle today—particularly the textile industry in the South, has been vigorously opposing the trade-agreements program—except by their votes, Mr. President.

The State Department, meeting in secrecy in Switzerland, has given some of our American cotton-textile markets away to Japan.

I am still amazed that they announced a further reduction of the duty or tariff on textiles and dozens of other products, an act which will severely injure the workingmen and investors of this Nation until after the final adoption of the conference report.

SOUTHEASTERN UNITED STATES SINGLED OUT BY STATE DEPARTMENT FOR NEW BLOW

To quote the State Department:

In this agreement reductions were made by applying the rates now specified in GATT to the lower-priced cloth. This amounts to a reduction of about 25 percent in the rates on the type of cotton cloth imported principally from Japan.

In addition to providing substantial concessions to Japan these rates greatly simplify the entire tariff structure applying to cotton cloth. * * * The greater part of the

cotton manufacturing industry is located in the southeastern United States.

It becomes very simple, Mr. President, and I hope the distinguished Senator from South Carolina [Mr. THURMOND] is listening to the debate. It will become even simpler if, in the future, we take off all the tariffs, although that is not necessary, because the tariff is so low now that we would have to reduce wages 35 percent and write off investments in that amount, or else go out of business. It is a very simple thing.

JAPAN GIVEN CUTS ON VELVETEENS, TOWELS, AND ARTICLES OF APPAREL

Cuts also were made in rates on cotton velveteens from Japan, cotton towels, cotton gloves and mittens, and cotton outerware.

That should be happy news for New England and the South.

H. R. 1 will, of course, permit greater cuts to be made on Japanese imports of cotton cloth manufactured, as the State Department reports, largely in the Southeastern United States.

LAST RECOURSE OF SOUTH'S COTTON INDUSTRY COULD BE MOVING TO JAPAN

In other words, Mr. President, in the past few years, because of the discovery that wages were a little lower and the cost of doing business was a little lower in the South, factories moved from New England into the South. Now some of them have moved to Japan. It is just an economic situation, and so long as we follow the policy adopted by the administration, it is a happy solution to the whole problem.

Mr. President, in the next elections I greatly fear that some of the free-trade chickens are going home to roost, and when they roost they may find a roosting place on the shoulders of the free-trade champions.

ITO COMMISSION, REJECTED BY CONGRESS, LIVES ON

Mr. President, the International Trade Organization which the Congress repudiated in 1950 is not dead. It is only dormant, awaiting revival in part or in toto.

In 1949, I believe—I will correct the RECORD if that is not the correct date—54 or 55 nations banded together to determine each year the estimated production and consumption for the ensuing year, and to divide it on the basis of entitlement for consumption, whatever that may be. It means, on a basis of population. That is the only thing it can be called.

We did not take the International Trade Organization, just as we are not going to take the Organization for Trade Cooperation. But neither in the International Trade Organization nor in the Organization for Trade Cooperation was the General Agreement on Tariffs and Trade involved.

TRADE ACT GAVE PRESIDENT AUTHORITY FOR GATT

It has been testified to by Secretary Dulles that the 1934 Trade Agreements Act gave the President all the authority he needed to set up GATT in Geneva, bringing together all the members; or he can set it up in Brisbane, Australia,

or in Buenos Aires. He has the authority to do that. He does not have to ask Congress for any further authority in the matter. That was testified to, and I thoroughly agree that the act gives the President that authority.

VOTES FOR TRADE ACT WERE VOTES FOR GATT

So, Mr. President, when I hear someone objecting to GATT, either in the Senate or in the House, I look up the votes. If he voted for the Trade Agreements Act or any extensions of the act, I always hope he will pipe down, because he voted for the very thing which is now being done by the State Department. He never questioned it, and it was never questioned in the committee or on the Senate floor except by the senior Senator from Nevada.

Every vote for the 1934 Trade Agreements Act, for its subsequent extension, and for H. R. 1, was a vote for GATT, the Geneva General Agreement on Tariffs and Trade, that same poker game which is off if we do not sit down to play. If we do sit down, the game is on. Now it is on for another 3 years.

But I predict that the Senate will bring the Trade Agreements Act before it for consideration long before it expires in 1958, because the people of the United States are learning more about it. The proof of that statement is that a suit has been filed by a glass company in West Virginia, where the people have always voted for free trade until this year, when they broke away from it. I give them credit; but the damage was already done.

ITO COMMISSION STILL IN EXISTENCE

Meanwhile, apropos the revival of ITO, the International Trade Organization, the United States is still a member of the Interim Commission of the International Trade Organization.

The Commission is not now active, but it is "officially in existence," and the United States is a member, as will be found on page 523 of the United States Government Organization Manual, or by contacting the State Department. The United States Government Organization Manual is an official publication, and the Interim Commission of the International Trade Organization will be found outlined in that volume on page 523.

Even though the ITO Commission now appears to be dead, it is not dead; it is simply bait, lying on the bottom. When the time comes to raise it, it will be in front of us again.

INQUIRY TO STATE DEPARTMENT BRINGS RESPONSE

On May 27, 1955, I directed an inquiry to the State Department relative to this commission, and on June 10, 1955, I received a courteous and informative reply from Assistant Secretary Thruston B. Morton.

Mr. Morton replied, in part, as follows:

The Interim Commission of the International Trade Organization, of which the United States is a member, still exists. The commission, however, has not been active since 1948. At that time it created an executive committee, of which the United States is also a member, to which it delegated all its functions.

Mr. Morton added:

The executive committee has not met since 1949.

That was the year it was knocked in the head by the Senate committee. The machinery is not working at this time, Mr. President, but it is still in existence, ready to go into operation if and when the State Department considers the time and congressional climate right to set it in motion.

REVIVAL OF ITO FORESEEN UNLESS PEOPLE RISE AGAINST IT

Since I have seen the Congress adopt the Marshall plan as a temporary expedient 5 years ago, and have seen it extended each year under another name and under the direction of another person, and have heard the argument in the Senate and from the Secretary of State and Mr. Stassen that it must be a permanent program dividing the money of the taxpayers of the United States with the nations of the world in the interests of peace; since I have seen the 1934 Trade Agreements Act passed as an emergency measure and now become the rule of the land; I do not doubt for a minute that the International Trade Organization will again come before the Senate and the House, and I have little doubt, from what I have seen of the actions on those floors, unless the people of the Nation rise up and assert themselves, that Congress finally will adopt it.

AROUSED PUBLIC ANTICIPATED

But, in my humble opinion, the people of the country will not wait for an election; they are going to move on the hot spot of Washington, where there is no public sentiment, but where people stay for a few months at a time and then leave.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. LANGER. How does the Senator expect to get the law changed, when a Republican has been elected who has said he is against the Democrats, and a Democrat seeks to be elected who says he is against the Republicans? When President Eisenhower assumed office, he continued foreign aid to the extent of \$3,500 million a year. How does the Senator propose to change that?

Mr. MALONE. It does seem as though it is a game of heads I win, tails you lose. It is simply a round robin. A President in 1934 remade the industrial map of the United States. We now have war frequently and preparation for war continuously. We are simply treading water economically, to make things look good.

Mr. LANGER. Does not the Senator from Nevada believe that when the people elected Mr. Eisenhower as President, it was with the intention of repudiating our foreign policy so far as giving away our money was concerned?

FREE TRADE RECORD OF MANY SENATORS GUIDED PRESIDENT

Mr. MALONE. I am going to say something that I want the Senator from North Dakota to think about. Let him put himself in the place of the President of the United States, Mr. Eisenhower,

who is one of the finest gentlemen I know. He has been in the Army almost all his life and outside the United States probably a third of the time.

When he returned to civilian life and looked over the record, he found that almost unanimously the Republican Senators had voted for foreign aid and free trade. I say "almost unanimously"; I except the senior Senator from North Dakota and the Senator from Nevada.

So the President, having looked at the great pillars of the Republican Party, said to himself, "They must be right. They have had more experience with this problem than I have had. Therefore, I must go along with them."

Would not the Senator from North Dakota think that the President would have ground to stand on?

Mr. LANGER. Will the Senator from Nevada tell me the difference between the Democrats and the Republicans?

STATE RESOLUTIONS AGAINST FREE TRADE CITED

Mr. MALONE. I may say to the Senator from North Dakota that on May 4 I placed in the RECORD resolutions from a number of States in God's country—Idaho, Nevada, Utah, California, and Colorado—resolutions against the extension of free trade.

I placed in the RECORD also at that time a documentation of the platforms of the two parties for 100 years on the subject of duties or tariffs.

For a century the Democratic platform has been for free trade. The Republican platform, with the exception of the last one or two, has advocated the solid principle of a duty or a tariff to make up the difference in the wage standard of living, just as Lincoln and McKinley advocated.

But this is the first time in the history of the Republic that a Republican President has favored free trade.

I now come to the Senator's question. I first wanted the Senator to know that the background is already in the RECORD, so that he would not have to go to a great deal of trouble to learn what is what.

REPUBLICANS IN PAST FAVORED AMERICAN WORKINGMEN AND INVESTORS

There is no difference now between the policy of the Democratic Party and that of Republican Party; the difference is in the personalities. The Republicans have in the past always favored the American workingmen and investors in their own markets. The Republicans have advocated for the workingmen and investors equal access to their own markets—no advantage, but equal access.

The Democratic Party has always favored free trade, and has a history of one century of it. The Democrats were in office long enough for the first time in 1934, and for two decades thereafter, to put their policy into effect. Never before had they been in office long enough to do it.

President Wilson was in office long enough to put into effect a tariff act—perhaps the Senator can help me by giving the name; I have forgotten it—reducing the tariffs. Right after World War I a special session of Congress was called to raise the duties, in order that Americans might stay in business. We will find ourselves in that position again.

The Republican Party's policy has favored the protection of the workingmen and the investors of the United States, and generally the party has stayed with that policy.

Mr. LANGER. I am very curious to know the kind of speech the Senator from Nevada will make at the next great Republican dinner in Nevada.

NO COMPROMISE WITH PRINCIPLE

Mr. MALONE. The Senator has heard it here on the floor several times, and I do not propose to change it. The Senator was not elected on a free trade platform. He was not reelected on it.

In 1946, when I went up and down my States, as a State engineer, I looked the people in the eye and told them what I thought about the Trade Agreements Act, and I was elected.

I do not know whether or not the speeches had anything to do with it. I cannot tell the Senator that. But in 1952 my feelings were exactly the same as in 1946, only perhaps a little broader. They will be the same in 1958, and they will be the same in 1956 if I am asked to make speeches.

I have only one language, Mr. President: I cannot compromise with a principle.

I would resign from the Senate before I would vote for any one of three proposals which have been made.

One of them is a free trade which would destroy the workingmen and investors of this Nation, and which would divide the bodies of the investors and the businesses of the workingmen between the low-wage countries of the world.

Another proposal is to soak the taxpayers of our country in order to equalize the wealth of the world—a socialistic program.

The third is admitting offshore islands as States. I would not vote for anyone of these three propositions. I would first go home and tell my constituents to vote for another man before I would do so.

Mr. LANGER. I am curious to learn what the Senator is going to say in the State of Nevada as to why the people should vote for a Republican ticket rather than a Democratic ticket.

PRESIDENT'S FORECASTS OF WHAT CONGRESS WOULD DO CORRECT

Mr. MALONE. Last year, 1954, when there was an election, the people of Nevada reelected the governor and the Representative. We had been hearing for months speeches by the President about what Congress was going to do.

Unfortunately, from my point of view, the President has been about right. He had been saying what Congress was going to do.

The people in my State heard from me what I thought Congress ought to do. So, when I appeared on television, which was a little new in Las Vegas and Reno, I said, "You have been hearing in the speeches about what Congress is going to do and what the policy of the United States is going to be. I will tell you what it is going to be. It is going to be what Congress passes, after full debate, and the President signs." I guess the

people liked it. They voted for the candidate, anyway.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. MALONE. I yield.

Mr. LANGER. I am just a poor farm boy from North Dakota. I am not educated the way the distinguished senior Senator from Nevada is. I assume the Senator is going to go to some of those \$100 banquets and tell the voters of Nevada why they should vote for the Republican ticket and vote against the Democratic ticket. I should like to have the Senator from Nevada tell me what he is going to tell them the difference between the tickets is.

Mr. MALONE. I have told the Senator what the difference is. That is exactly what I am going to tell the people again. I attended the University of Nevada, and, when I started there in 1913, there were about 200 students, counting the prep students. I understand the distinguished senior Senator from North Dakota is a graduate of Columbia University, and that is a great university.

Mr. LANGER. The Senator from Nevada is begging the question. I am trying to find out what he is going to say in his speeches as to why the people should vote for the Republican ticket rather than the Democratic ticket.

Mr. MALONE. I am going to send them the speech I am making today, to prepare them for the one I am going to make next year.

Mr. LANGER. The Senator told us a minute ago that the Republican platform on foreign trade is the same as the Democratic platform.

DEMOCRATS LEFT WITHOUT ISSUES

Mr. MALONE. We have simply adopted the Democrat platform. The Democrats have nothing left to run on. They are in the same position as Socialist Norman Thomas; when his program was adopted by the New Deal, he was left stranded. He has not run for office since.

Mr. LANGER. In other words, the Republicans in 1956 are going to run on the Democratic platform. Is that correct?

Mr. MALONE. The programs are exactly alike now. They are exactly alike.

Mr. LANGER. I want to thank the Senator for his very illuminating answer.

PROTECTION OF WORKINGMEN, INVESTORS, SENATOR'S PLATFORM

Mr. MALONE. I do not think I have illuminated anything I have not been trying to illuminate here since 1947, but I want to say further to the distinguished senior Senator from North Dakota I am still standing on the platform of protecting the workingmen and investors of this Nation by a duty or tariff established by the Congress of the United States or its agent, the Tariff Commission, just as article I, section 8, of the Constitution provides we must, so that there may be made up, on a flexible basis, the difference on each product between the wage-standard-of-living cost and the taxes and the cost of doing business in this country and in the chief competitive nation. That is what the senior Senator from Nevada is saying, and that is what he will continue to try to prove to the Senate of the United States.

Mr. LANGER. Am I to understand, then, that when the Senator from Nevada runs the next time, he will run on the Republican ticket?

Mr. MALONE. I have always been a Republican.

Mr. LANGER. But the Senator will run on the Democratic platform?

Mr. MALONE. I do not know, but I will run on the Republican ticket.

Mr. LANGER. A moment ago the Senator said the Republicans had adopted the Democratic platform.

Mr. MALONE. That is what the Republicans did, but it has not been put in writing. The so-called escape clause and peril point are provided for in the pending bill. There is a clause which allows the President of the United States to fix a quota. I am asking that we proceed according to the provision of the Constitution of the United States, so the people of the United States will know how to invest their money. Today no human being with any horse sense would put a dollar in any business which needs protection in the form of a duty or tariff, to make up the difference between the costs of doing business in this country and in foreign countries, in order to exist. Investors have to put more money into a business in order to save their investment because of competition from low cost of living countries. Then some of us say on the Senate floor, "Well, we did not produce as much as we did last year, so we have to import foreign goods." It is our policies that have reduced domestic production.

PRESIDENT NOT AT FAULT FOR FREE-TRADE
POLICIES OF CONGRESS

So far as I am concerned, it is my belief that while the President of the United States may be taking wrong advice now, he will listen, and if the Republicans have the guts that God gave little geese in San Francisco, and will write a Republican platform, he will follow it. But when for 22 years practically all the Members on the Republican side of the aisle have voted for free trade, one cannot stand here and tell the public that we are laying the blame on the President of the United States. If the President would take a look at the record of stalwart Republicans and say, "I have been following what you have done for 20 years," how would my colleagues like that? I suppose that is what he is saying to some of his close friends.

SUPPORT OF PRESIDENT PLEDGED

Furthermore, if the President runs again, I shall be for him. If he wants to run, I shall be in favor of his nomination and in favor of his election.

I am like M. F. Flynn, editor of the New York News, who wrote a very informative editorial, pointing out the disagreements between him and the President of the United States. They coincided pretty closely to the disagreements the senior Senator from Nevada has with the President of the United States. But I agree with the last paragraph written by Flynn, which I thought was a masterpiece. I wish I had it. I would put it in the Record. He said, in effect: "When I stop to think what we would have had if we did not get Eisenhower, I am still for Ike."

That may explain quite a few things.

Mr. LANGER. Mr. President, will the Senator yield for a further question?

Mr. MALONE. Yes.

Mr. LANGER. In the State of Nevada can one run on both the Democratic and the Republican tickets?

Mr. MALONE. No. A candidate has to run on the ticket of the party to which he belongs. Furthermore, citizens of Nevada know who a candidate is and what he stands for. They get around. It is a big State, approximately 400 miles by 600 miles, and there are nearly 300,000 of us, by the last census, or a little more than that. Our people get around. They cannot be fooled. A candidate can run on only one ticket, and he is pretty lucky to be able to run on one, and still make a showing.

Mr. LANGER. I am still puzzled how a Republican is going to run on a Democratic platform.

Mr. MALONE. I do not run on a Democratic platform. My speeches made during campaigns are like the ones made on the Senate floor.

Mr. LANGER. Was not I correct? As a matter of fact, the Senator from Nevada is nonparistan, is he not?

Mr. MALONE. I am not nonpartisan. I am a Republican.

Mr. LANGER. But the Senator from Nevada is running on the Democratic platform.

Mr. MALONE. No; I am not. I am running on the Republican ticket and on the Republican platform, which has advocated protection for the workers and investors of this Nation for a century.

Mr. LANGER. But the Senator from Nevada says the Republicans have now adopted the Democratic platform.

Mr. MALONE. No; the Republicans have not.

Mr. LANGER. But a moment ago the Senator from Nevada said the Republicans have stolen the Democratic platform.

Mr. MALONE. I may have made a slight error in my use of words. We were saying that, the next time, the Democrats will have nothing to run on. But the Republicans have not all adopted free trade, for at least some of us voted against it. The votes against it included several Members on the other side of the aisle.

Mr. LANGER. The distinguished Senator from Nevada knows that I have voted with him on that question.

Mr. MALONE. I know that. Last year we got 14 votes, and this year we got 16. So we are increasing in number rather rapidly. Give us just a few years more, Mr. President.

WHY STATE DEPARTMENT SUSPENDED ITO
SCHEME TOLD

Mr. President, the proposed International Trade Organization was submitted to the Congress, but the House and Senate committees refused to have any part of it.

Prior to the debate with the distinguished Senator from North Dakota [Mr. LANGER] I was discussing a letter written by Mr. Thruston B. Morton, Assistant Secretary of State, in response to an inquiry I had made of him concerning the ITO.

Now we come to the interesting part of Mr. Morton's letter:

In 1950, the United States withdrew its support of the proposed International Trade Organization.

That was the year following the repudiation of the whole business by the Congress. It will be noted that there is no reference to the congressional turn-down, but it is merely said that the United States withdrew its support from the International Trade Organization.

I read further from Mr. Morton's letter:

Since other governments deemed United States participation essential to the establishment of the organization, the practical effect of this action was to preclude the possibility of the establishment of the organization.

NATIONS FLED ITO GAME WHEN UNITED STATES
DECLINED SUCKER ROLE

Mr. President, that establishes, once and for all, the status of the international poker game in which the United States is supposed to play the role of sucker. We did not sit in the game, so there was no International Trade Organization, because the 53 other nations—or whatever the proper number is—were not willing to participate in the game until the folding money of the United States was put into the pot. But that did not happen; neither were the markets of the United States put into the pot. The result was that the game was abandoned, or at least postponed.

Mr. President, Mr. Morton's letter is an honest and a splendid statement. It bears out what I have said many times on the floor of the Senate with respect to ITO—the International Trade Organization—and GATT—the General Agreement on Tariffs and Trade—and all the other international programs for giving American jobs, taxes, and markets to foreign countries.

NO UNITED STATES MONEY IN POT—NO GAME

Without American money and markets in the pot, none of our international friends want to play with us in any international game. When Uncle Sam's money, markets, and jobs are in the pot, all of the foreign countries want in the game. Without them in the pot, they all stay out of the game.

They may set up an interim commission to keep the table and chairs handy in the event the United States reconsiders and puts up the pot. They have done that in this matter of ITO. There is a chair for us, too. It is not being filled, but it is there; and we are members of the club, formally and officially, without paying any dues. The other nations just keep hoping we will enter the game or join the club.

SENATE VOTES

There is no game because we have not put up the pot. As long ago as 1949, the Congress rejected State Department proposals that we do so.

WORLD GIVEAWAY PROGRAMS CONTINUED ON
THEORY THEY PROMOTE THE PEACE

So it is, Mr. President, that the Members of the Senate, in their innocence, continue all these programs, on the theory that they promote international peace.

I am reminded of a boxer who is very popular so long as he continues to win his fights. So long as he continues to win them, he has plenty of money; and when he steps up to a bar, the people are 20 deep, all around him, ready to drink with him. But when, one day, he loses a fight, and then has no money to put on the bar, he finds that no one else is even around the place; all his so-called friends have deserted him. Mr. President, that is what can happen to us, and very quickly, too.

AMERICANS SHOULD BE GRATEFUL ITO NOT
BANK-ROLLED BY UNITED STATES

I repeat Mr. Morton's forthright statement:

Since other governments deemed United States participation essential to the establishment of the organization (ITO), the practical effect of this action was to preclude the possibility of the establishment of the organization.

Accordingly, the interim commission and its executive committee have been left without any functions to perform. The United States has no representative on the interim commission or its executive committee.

Mr. President, American industries, investors, and wage earners may be thankful that we have not yet bank-rolled the ITO setup, and appointed to it representatives to give away more of our jobs and markets.

But so long as we reenact or extend the 1934 Trade Agreements Act, the President—meaning, of course, the State Department—will have all the authority he needs to set up any international trade organization in the world; and it will be able to function, just as the General Agreement on Tariffs and Trade has functioned at Geneva.

Mr. President, American industries, investors, and wage earners may be thankful that the Interim Commission and its executive committee, lacking our bankroll and a new gold-embossed invitation to our markets, have been left without any functions to perform. If we had the gumption and the horse sense not to pass House bill 1, it would not be possible for 33 foreign nations to divide the American markets on textiles and other materials, as is being done today at Geneva.

DEMISE OF GATT WOULD BE WELCOME NEWS

Mr. President, it would be good news if international GATT, in which our markets are being distributed among 33 foreign nations, had no functions to perform. What gave it a function to perform was the passage of House bill 1 by the Congress of the United States. Under the 1934 Trade Agreements Act, the General Agreement on Tariffs and Trade has been set up, and it never has been excluded.

Mr. President, if you belonged to an organization with a board of 34 members, would not you like to have on the board one member, so that he would have a voice in determining what would be done? It is a wonderful idea—until we run out of talk, put a stop to inflation and continuous bond issues, and cease to have a war economy—which this year amounts to \$32 billion, let us remember. If we were to stop our war economy tomorrow, the economy of the United

States would, in 30 days, be deadlier than Julius Caesar.

So, Mr. President, the General Agreement on Tariffs and Trade would have no functions to perform either, if it were not for the fact that the United States has its money, markets, and jobs in the international pot, and State Department representatives to give them away at foreign sessions, such as the one recently concluded at Geneva.

GENEVA SESSION REQUIRED 4 MONTHS FOR LATEST
DIVISION OF UNITED STATES MARKETS

Mr. President, it must be interesting to foreign nations to observe the way we operate. Congress is debating seriously whether or not to extend this monstrosity. Over in Geneva, for some reason, they knew we were going to extend it, and they went ahead with the division of the markets. They did not do all this in a week. They did it in 4 months, while we were debating the subject in Congress.

It must make Members of Congress feel pretty good to know that 33 foreign nations can take them for granted. As a matter of fact, many of those foreign nations have better public relations organizations in Washington than any Senator has, or than any group of Senators have. If any Senator keeps a clipping file from his hometown newspapers he knows what he ought to vote for, without making it necessary to do any research as to what the final outcome might be.

FOREIGN NATIONS WANT AMERICA'S RICH MARKET
FOR THEIR SWEATSHOP GOODS

American markets are what foreign countries want. That is all many of them want. They want to sell their low-wage, sweatshop goods in the American markets, undercutting American industries and displacing American labor.

Shortly there will be a very important celebration in San Francisco, building up that great event in 1945, when the United Nations was created.

I attended that conference unofficially, as a representative of the old Military Affairs Committee of the Senate. I was a special consultant to the Committee on Military Affairs during World War II, in connection with the examination of military establishments and in connection with strategic and critical minerals and materials. I was also a special consultant to the Secretary of War.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. MALONE. I yield.

Mr. LANGER. Was not the Senator appointed by a Democratic President?

Mr. MALONE. I do not believe I was appointed by the President. It seems to me that my good friend Senator Ed Johnson, of Colorado, now Governor of Colorado, had something to do with it. He was a member of the Military Affairs Committee.

Mr. LANGER. It must have been a Democratic President who made the appointment.

Mr. MALONE. No. It was the Secretary of War who acquiesced in my consultant work in the War Department. Ed Johnson and Happy Chandler were the two, I think, who insisted that I be

the consultant of the Senate Committee on Military Affairs. Of course, at the present time I think no committee could do anything unless the President approved it. I think that is the situation at present.

Mr. LANGER. Ed Johnson is a Democrat, is he not?

Mr. MALONE. He is a Democrat; and he is about as good a Democrat as I have ever seen. I would trade some of our Republicans for Ed Johnson.

Mr. LANGER. So the distinguished Senator from Nevada did accept a Democratic appointment.

ALASKA, SOUTH SEA ASSIGNMENTS RECALLED

Mr. MALONE. I think we would have to call it that. But I was left alone, and I wrote my reports. They were not edited very much. That was the only way I could get my viewpoint across.

Then I was sent into Dutch Harbor, behind the Japs. I made a report on Alaska. Then I was sent to the South Seas with General MacArthur. I do not think General MacArthur was a Democrat. I did not look up his political affiliations.

Let me say to the distinguished Senator from North Dakota that whenever I had an opportunity to plant the material, in whatever kind of soil happened to be available, I planted it. It did some good, too.

FOREIGN DIPLOMATS BRING EMPTY BASKETS FOR
UNCLE SAM TO FILL

To repeat, foreign countries desire to sell their low-wage, sweatshop goods in the American market, undercutting American industries and displacing American labor.

It was my happy privilege in San Francisco, where I spent about 3 months, to entertain, in a small way, representatives from many foreign nations. I would have them to breakfast, lunch, or dinner. Usually there would be present one of the top officials, or his representative, and myself. There were two things they would ask me. The first was, "How are you?" I do not believe they cared very much how I was.

The next question was, "How much of the material which we have to sell can we sell in American markets, and when can we begin?"

When I reached Denver, on the way back to Washington, I was met by a number of newspaper correspondents. I know many people in Denver. The newspaper correspondents said, "Tell us about the United Nations."

I said, "There were 49 there. Forty-eight of them had a market basket on each arm, and only one had anything to put in them. What do you think about it?" That rather toned down the conversation.

UNITED STATES MARKET ONLY FREE, CASH
MARKET IN WORLD

Why are foreign countries so avid to capture the American home market? The answer is quite simple.

The American home market is the richest market in the world.

It is the only market in the world where a foreigner can sell anything he wants to sell, in any quantity, excepting certain agricultural products, he wants to sell, and receive for his goods sound

money of fixed value which he can take home or use in any manner he desires.

It is the only market in the world where he can undersell American labor and investors on any commodity he wishes to sell, certain that his labor and production costs are lower than the lowest labor and production costs of his American competitor.

It is the only market in the world where, again excepting certain farm commodities, he can be assured of neither import nor exchange restrictions, and no fluctuations in money value. He has only to dump his slave-wage product, stuff his pockets with our dollars, and run back to his homeland.

It is the only market in the world in which all protective safeguards to industry and labor have been removed, or, in the case of tariffs lowered to a point of being ludicrous. It is a free trade market, with only a few vestiges of tariffs here and there to preserve a hint of the long dead American system which created our rich market in the first place.

UNITED STATES ONLY COUNTRY THAT TAXES
WAGE EARNERS TO SUBSIDIZE FOREIGN COMPETITION

It is the only market in the world where industrial and farm wage earners have high living standards and enough money left, after living expenses and taxes, to buy foreign goods.

Ours is the only country in the world that takes billions in taxes from its wage earners each year to give to foreign countries to produce more foreign goods to dump on our rich American market.

What made our market rich in the first place? First it was American independence and self-reliance.

George Washington urged a policy of encouraging and protecting our infant industries. Americans developed their own resources, built their own mills and factories, tapped their own mineral and water resources, created their own transportation systems.

FOREIGN NATIONS LAG IN DEVELOPING OWN RESOURCES, LIFTING LIVING STANDARDS

Mr. President, we in America do not have rich deposits. We have made our deposits available through research work and laboratory work. We have lifted ourselves by our bootstraps. Many other nations have much richer deposits of practically every material than we have.

For 5,000 years other countries have not raised their standard of living one iota. So we are to raise it for them in a few years by dividing our markets. For 150 years we minded our own business, and minded it well.

Countries wishing to trade with us could do so whenever they wished to do so on the basis of fair and reasonable competition with American producers.

Congress regulated the tariffs and foreign commerce to assure that such competition would be on a fair and reasonable basis.

Americans had equal access to their own markets, equal security for investments. They only took a chance on their own judgment. They did not take a chance on the judgment of Congress.

AMERICAN SYSTEM BROUGHT NATION PROSPERITY

The system—the American system it was called—continued for 150 years and America prospered.

Our wage rates became the highest in the world.

Our living standard became the highest in the world.

Our per capita wealth the highest in the world.

This did not please our one-world do-gooders, Socialists, share-the-wealthers, or our Harry Dexter Whites, Victor Perlos, V. Frank Coes, Harold Glassers, and Alger Hisses.

Let me say at this point it is not always the Whites and Hisses who cause trouble in this country. We isolate their kind. It is the good people, the honest people, who mouth the things such men say, who cause the trouble, by not knowing what is in back of what they say and by not analyzing the statements, or thinking them through.

We are still passing acts which espouse the principles of free trade and which provide billions of dollars to Europe which these two men helped fasten on us. In committee we heard the Secretary of State and Mr. Stassen say that this program must become a permanent program.

We have been told every year that we must send new money to Europe and to Asia and that we must divide our markets, because if we do not do so, someone might say that by working 18 hours—which is just about what most Americans do—we are living better than anyone else in the world; therefore we must divide our markets. If we divide them we will have nothing left for ourselves.

AMERICA'S ECONOMIC STRENGTH WORLDS ONLY
REAL PROTECTION

The only protection the nations of Europe and Asia have from us is our economic strength. When that is gone we cannot even defend ourselves, to say nothing of other nations.

The 1934 Trade Agreements Act destroyed the principle of the American system, which had made our country rich and strong.

It changed the policy of Americans for Americans, to one of Americans for foreigners and foreign exploitation.

The 1934 Trade Agreements Act did not level down America fast enough to suit the one-worlders and proforeign groups, so multilateral trade agreements were invented to be negotiated through GATT, a 34-nation treaty organization which meets in GATT.

ITO was invented at the same time with the view of leveling employment and production to a world level at the same time international control was placed over world trade.

The process is still going on.

NEW WORLD TRADE SCHEME A MODIFIED ITO

An interim commission of the International Trade Organization, as I mentioned before, still exists and we are a member of it.

A somewhat modified ITO has been presented to Congress in the guise of an international organization for trade

cooperation. The State Department drops the I and calls it OTC. In reality the initials should be IOT because the only cooperation there will be will be that of our State Department officials with their foreign friends.

NEW TRADE SCHEME DISCUSSED IN INFORMATIVE
ARTICLE

The May 13, 1955, issue of the Wall Street Journal carries a very informative article on the new free trade approach of the State Department, written by an informed journalist, Albert Clark, under the heading "Surrender of Power? Congress Has Doubts About Proposal for Global Trade Agency."

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks, Mr. Clark's article Surrender of Power?

There being no objection the article was ordered to be printed in the RECORD, as follows:

SURRENDER OF POWER—CONGRESS HAS DOUBTS
ABOUT PROPOSAL FOR GLOBAL TRADE AGENCY

(By Albert Clark)

WASHINGTON.—The administration is preparing a determined drive for what Congress now interprets as a broad new grant of power—and a surrender of its own—to conduct this country's foreign economic affairs.

The actual request is for authority to join a proposed Organization for Trade Cooperation. Technically this would merely administer the rules President Eisenhower and his predecessors have worked out under the Reciprocal Trade Act and their constitutional foreign policy powers.

The lawmakers, however, by ratifying OTC would by clear inference also be endorsing in a broad policy sense, though not necessarily in every detail, that mysterious instrument of global trade policy—the General Agreement on Tariffs and Trade. Such endorsement they have specifically withheld in a series of extensions of the Reciprocal Trade Act, including the 3-year extension they will shortly send to the White House.

Paradoxical as it may seem, the United States is and long has been a member of GATT. The difference is that the present GATT has no permanent organization, whereas OTC would set up a permanent, formal machinery, headed by a director-general. Congress feels it might be morally committed to GATT if it authorizes OTC.

What is this little-known GATT that OTC would administer?

Basically it is a collection of tariff rates and trade rules negotiated by the 34 member nations, which account for about 80 percent of world trade, in periodic, months-long bargaining sessions; the schedule of GATT tariff concessions now covers more than 50,000 items. To understand how GATT came about, it is necessary to look back at the way tariffs were formerly regulated and negotiated.

A DELEGATION OF POWER

Before the Reciprocal Trade Act was first passed in 1934, Congress, as a general rule, passed on all tariff rates. The legislators either passed laws fixing specific import duties or ratified treaties that specified rates. With the passage of the Trade Act, Congress delegated to the President its powers to reduce tariffs, within specified limits, and to enter into foreign trade agreements.

This authority was used to negotiate bilateral trade pacts—agreements between the United States and one other country—for fixing tariff rates and trade rules between the two countries. Up to the time GATT

came into existence on January 1, 1948, the United States had concluded such separate agreements with 29 countries.

GATT grew out of proposals by the United States for a multilateral, or many-country, approach to global trade. Under the multilateral process, each nation still negotiates bilaterally, with the principal supplier of any commodity on which it is considering a tariff reduction. Then, all of the bilateral reductions are bundled up in one schedule of new tariff rates and each concession is applied to the same category of imports from all countries. This is called the most favored nation treatment, and was already a part of the Reciprocal Trade Act itself.

Since these multilateral negotiations are basically bilateral and since the most favored nation treatment was already on the books, what if any is the advantage of the GATT approach? The President argued in his recent message to Congress on the subject that multilateral negotiation enables this country to obtain more tariff concessions on its exports than would be forthcoming from bilateral dealing; he said the United States, for example, gets benefits from concessions which other countries would be unwilling to negotiate except in a multilateral undertaking.

Mr. Eisenhower further declared that through GATT the United States has persuaded foreign countries to remove restrictions against imports of such specific dollar goods as coal, apples, cigars, lumber, potatoes, textiles, autos, petroleum, wool, and motion pictures.

It is possible, too, that getting the representatives of 34 nations together at one time in one place makes for greater volume and convenience than would be the case in strictly bilateral bargaining. And, of course, it gives at least the appearance of a concerted international attack on the restrictions to world trade. Moreover, tariff concessions are just the beginning of GATT. It also commits the member countries not to cancel tariff concessions by putting up other trade barriers.

Each member country, for example, promises not to cancel the benefit of a tariff cut by levying a domestic sales tax that would offset the tariff concession. Each country is free to tax imported items, of course, so long as the rate is applied equally to imported and domestic articles.

REPEALING DOMESTIC LAWS

The GATT also contains a general prohibition against import and export restrictions. And by inference, if not explicitly, the GATT countries are committed to repeal domestic laws that conflict with GATT and to refrain from adopting new conflicting statutes. Therein lies much of the objection in Congress to GATT.

Despite the principle of nondiscrimination, however, the heart of the agreement lies in the exceptions to the general reciprocity rules.

Thus the United States is permitted by GATT to continue its preferred tariff treatment of goods imported from Cuba and the Philippines. The British Commonwealth countries are allowed to continue their preferred tariff treatment, one with another. Under the same rule, the French Union and the Benelux countries may perpetuate their tariff preference blocs.

Though the general GATT rule prohibits export and import quotas, a member nation may regulate the export of goods important to its defense. So-called underdeveloped countries may impose import quotas or other restrictions if necessary to protect a domestic industry in raising general living standards. Any member nation may withdraw a tariff concession or apply import restrictions if the member considers such action necessary to prevent a drain on its dollar reserves.

GATT critics complain that these exceptions, particularly the loopholes for underdeveloped nations, remove much of the reciprocity from what is supposed to be a reciprocal arrangement. The reason: The United States is the most prosperous of the 34 member nations. Thus the exceptions, when applied, add up to discrimination against the United States.

LITTLE USED LOOPHOLES

The principal loophole available for relief of United States industries lies in the escape clause, which is spelled out in the Trade Act and is also incorporated in GATT. Under this procedure, member countries may withdraw a tariff concession or otherwise impose restrictions on goods being imported to the detriment of a domestic industry. Actually the escape clause is used sparingly. The United States has taken advantage of it under GATT only four times, and no other member has used it at all.

But the real basis for congressional opposition to GATT—and OTC—lies in the age-old struggle between the legislative and executive branches of Government. How far, for example, should Congress go in delegating its powers over tariffs and interstate and foreign commerce to the Executive? And, once delegated, should the Executive redelegate its authority to an international agency that can make rules to which Congress is morally committed?

These are not altogether theoretical questions. The United States has a law, for instance, that provides for import quotas on farm products being imported to the detriment of domestic farm price support programs. This statute violates both the letter and the spirit of GATT. It is true that American representatives to the recent Geneva conference, which adopted several amendments to GATT, obtained a waiver that permits the United States to violate the agreement by limiting imports under this section of United States farm law. But why, ask the critics, should the GATT countries have authority to write rules that require such a waiver?

Right now, there is pending in Congress a bill to reclassify hardboard for international trade purposes. This measure would remove hardboard from its present paper product category and classify it as a wood product. A tariff increase would accompany the reclassification. But if Congress passes the proposed law, the legislators would be violating GATT's principles.

Suppose Congress authorizes United States membership in O. T. C.—and by inference endorses GATT—would it not be making a moral commitment to reject the hardboard bill and to repeal the provision for restricting farm imports? It is such questions as these that lawmakers, even now, are asking themselves.

Or take the case of Czechoslovakia. A provision of the 1951 extension of the Trade Act directed the President "to take such action as is necessary" to withdraw trade agreement concessions to imports from Communist-dominated countries. Thereafter, the United States, instead of acting unilaterally, asked—and got—GATT permission to cancel concessions to Czechoslovakia. Here again, the GATT critics want to know why the United States should ask permission of 33 other countries to carry out a law passed by Congress.

THE RIGHT TO VIOLATE

By disassociating themselves from GATT in each reciprocal trade extension bill, the House and Senate in a broad political sense are leaving themselves a free hand to violate GATT. But would they not be surrendering this freedom by okaying OTC—even though, technically, they would still have a right to violate GATT?

There is still another basic reason for Congress' reluctance to endorse GATT. This re-

luctance goes back to OTC's predecessor proposal by former President Truman for an International Trade Organization. The present OTC plan bears little resemblance to the ill-fated ITO scheme. ITO would have incorporated GATT as one chapter under a preamble that would have committed member countries to follow "national" as well as "international" policies designed to foster full employment, higher living standards, and the like.

Conspicuously missing from the present proposals are old ITO chapters dealing with domestic labor and business practices, to name a couple of examples. Mr. Eisenhower pointedly noted in his recent message on OTC that American representatives to Geneva went with specific instructions to reject all efforts to expand the functions of the new organization to fields other than trade. This mandate the OTC and the slightly revised GATT appear to follow.

Even so, the GATT countries themselves have the power to amend its rules. And once Congress ratifies OTC could not some future GATT conference, perhaps under some future administration, rewrite the agreement to cover the explosive chapters that caused Congress to reject Mr. Truman's ITO?

These, too, are questions that Congress will want answered when administration officials journey to Capitol Hill to make their case for OTC.

EDITORIAL ON FREE TRADE ARTICLE REPRINTED

Mr. MALONE. Mr. President, the Wall Street Journal of the same date as Mr. Clark's article carried an editorial entitled "Free Trade and Free Action" based on the article previously referred to.

I ask unanimous consent that this editorial "Free Trade and Free Action" from the Wall Street Journal of May 13, 1955, be printed in the RECORD at this point in my remarks.

There being no objection the editorial was ordered to be printed in the RECORD, as follows:

FREE TRADE AND FREE ACTION

Since 1934 the broad effort of this government has been to reduce American tariffs in return for comparable concessions from other nations. That is the purpose of the Reciprocal Trade Act and its successive extensions.

Since 1948 the principal instrument of this purpose has been the General Agreement on Tariffs and Trade, discussed by Mr. Clark in adjoining columns this morning.

This effort, it seems to us, is unexceptionable. The broad purpose of the Reciprocal Trade Act is healthy and we have no quarrel, in principle, with the GATT approach to it, which is mainly getting a lot of nations together for tariff negotiations. Now, however, the administration wants Congress to give it authority to join an Organization for Trade Cooperation. This would formalize GATT and establish a permanent staff and a Director to administer it. A machine would in effect be transformed into a pseudo-regulatory global agency.

The request to authorize membership in OTC raises some serious questions. Is it necessary for the purposes of the Trade Act and GATT? Evidently not. GATT has functioned these 7 years, and OTC would confer no powers to negotiate tariffs or change trade rules not already enjoyed by national representatives meeting at GATT conferences.

More important, is it altogether wise for Congress to endorse GATT, which would be the effect of authorizing OTC? The way it is now, the very provisional nature of GATT gives this country considerable flexibility. If it decides that circumstances warrant a return to strictly bilateral dealings, or if it

thinks up a better way than GATT, it can bow out without causing an international furor.

This flexibility also applies to the rules which the GATT nations try to draw up for themselves. Because of conflicting national interests, these rules are full of exceptions. The United States got, at the last GATT meeting, a waiver permitting it to discriminate against farm imports in accordance with its domestic farm price-support legislation. But the other nations knew that if they did not grant the waiver the United States would act as though they had anyway; there is nothing really binding about the rules of GATT in its present provisional state.

Solemnize GATT through congressional approval of OTC, however, and you get a different emphasis, if not something more. It is much more difficult to withdraw from a formal international bureaucracy than it is to give up a machine which is merely one machine among others.

It is also more difficult in that situation to disregard GATT rules which may conflict with domestic statutes. We do not happen to admire the farm price-support legislation, but we very much admire the right of Congress to pass such laws as the Constitution permits and it sees fit. If Congress blesses GATT it may feel logically and morally bound not to pass laws in conflict with GATT and to revoke existing ones that conflict. We do not contend this would necessarily happen, but it would be rather silly, to say the least, if Congress were to approve GATT in effect and proceed to violate its rules.

Now it is true that Congress has delegated limited tariff and trade powers to the Executive through the Reciprocal Trade Act. But for Congress to authorize OTC would be to put up one more fence between Congress and its control of trade policy. Perhaps the practical results would not be important, but they could be far-reaching.

We should, indeed, continue to work for freer international trade through the present machinery of GATT or however seems best within the meaning of the trade act. But we should not kid ourselves that the goal is advanced by joining one more global bureaucracy. And we should be very chary of sacrificing, in our pursuit of freedom of trade, our freedom of action.

EDITORIAL WARNS AGAINST HASTY ACTION ON OTC

Mr. MALONE. Mr. President, the same publication on June 2, 1955, published another editorial, also referring to Mr. Clark's article, and mentioning ITO which I discussed earlier in my remarks.

I ask unanimous consent that there be inserted at this point in my remarks the editorial "Shortcuts Can Be Dangerous," published in the June 2, 1955, issue of the Wall Street Journal.

There being no objection the editorial was ordered to be printed in the RECORD, as follows:

SHORTCUTS CAN BE DANGEROUS

The General Agreement on Tariffs and Trade is what its name implies, a collection of mutual undertakings among Western nations. There has been proposed to Congress legislation which would make the United States a party to an Organization for Trade Cooperation which would formalize and administer GATT.

Recently our Mr. Clark, writing from Washington, summarized the reasons for congressional doubts about OTC. An accompanying editorial raised questions about the necessity of OTC.

Several readers for whose opinions we have respect and who are mindful that for some-

thing like 50 years this newspaper has opposed protectionism as a national policy are puzzled about our attitude toward OTC.

The questioning of OTC is based on two grounds.

One ground is that considerable more should be known about OTC's genesis, its purposes and its form of organization.

The other ground is that until these doubts are resolved, there is danger that insistence on OTC beclouds the issue of protectionism versus trade liberalization; that it may have the effect of making liberalization more difficult instead of easier.

The OTC proposal came after a conference on tariffs at Geneva. It was a lengthy conference dealing with technical matters. It did not get much public notice in this country. The actual submission of the OTC proposal to Congress received hardly more than perfunctory attention.

No international commitment ought to be undertaken on such a basis.

Investigation may prove that OTC is what its advocates claim, that is, an agency which would be instrumental in wiping out impediments to the trade of one nation with another.

However, it must also be recognized that sitting on OTC would be representatives of countries which are committed to such things as the managed economy and managed money and which at least tolerate cartelism in their economic structures. Those things are the antithesis of freedom of trade. Instead, they make for strictures on trade. And it would be well to determine whether those theories would find their way into the deliberations and decisions of OTC.

Many of the reasons advanced for adhering to OTC also were advanced for adhering to the earlier International Trade Organization. Congress refused to have anything to do with ITO and there is pretty general agreement now that Congress was wise in its decision.

The second ground for questioning OTC is that it has beclouded the issue of trade liberalization with another very touchy issue—the possible delegation of congressional authority to an international body.

GATT is a collection of agreements entered into by the Executive under authority of the Reciprocal Trade Act. The Reciprocal Trade Act is a delegation of congressional power to fix tariffs to the executive department. Congress can reclaim that authority from the Executive at any time, and it has checks on the exercise of this delegated authority.

However, if the GATT agreements were formalized by Congress by the acceptance of OTC, would that act commit Congress to honor not only all the present GATT agreements but such future actions as OTC might take? Would Congress by a roundabout method be delegating its authority to an international agency?

These fears may be quite groundless but they are certainly in the minds of Congressmen who are neither protectionists nor isolationists. Senator BYRD, who managed the bill for renewal of the Reciprocal Trade Act through Congress at a time when renewal was doubtful, is among those who question OTC.

It is less than a quarter of a century since the protectionist policies reached their zenith with the adoption of the Smoot-Hawley tariff. Four years later the Reciprocal Trade Act was passed. The retreat from protectionism began then, and it has taken place much faster than the most optimistic would have predicted in 1935. It has been renewed under both Democratic and Republican administrations.

The progress away from protectionism has been steady and it is permissible to question the wisdom of attempting to hurry it by

methods which are not fully accepted by those who are basically opposed to protectionism. We think we understand the impatience of those who see the economic illogic of trade barriers. But one must also be mindful that many worthy causes have been retarded when those in a hurry tried to feed the public more than the public would digest.

So there are here two issues. The issue of liberalizing trade, which so far as this country is concerned means a demobilization of tariffs. There is the other issue of a surrender by Congress of its powers over tariffs.

It seems to us better not to have the two become mixed. If they become mixed, and if those opposing protectionism seem to be insisting that their purposes can be achieved only by congressional action which some Congressmen believe to be a surrender of congressional power, then some of those who have been antiprotectionist may very well be alienated.

The mere fact that congressional veterans who have consistently supported tariff liberalization measures have their doubts about OTC should cause those who are advocating OTC to proceed carefully.

Certainly OTC ought not to be approved merely because it claims to be a shortcut to tariff liberalization. Shortcuts are not always short. And sometimes they can be dangerous.

SUDDEN DEATH TO ECONOMY AGAINST ECONOMIC SUICIDE BY DEGREES

Mr. MALONE. Mr. President, the Wall Street Journal, as one will note from reading the two editorials, cannot be called a protectionist publication.

In fact it advocates developing freer international trade using the present machinery for that purpose, a premise with which I wholly disagree. What it opposes is plunging into the free trade pit in one sudden jump as we would be doing if we approve the OTC version of ITO.

Personally I do not see any great difference between inviting sudden death to our domestic economy and that of slow suicide such as is occurring now under the 1934 trade agreements act and GATT.

The annual review number of the Survey of Current Business published by the United States Department of Commerce in February 1955 reports that during 1954 the number of employees in all industries totaled 53,427,000. During 1953 the number of employees in all industries totaled 55,151,000. In other words there was a decline of 1,724,000 employees from 1953 to 1954.

PRODUCTION EARNINGS DECLINE

Average annual earnings per full-time employee increased from \$3,590 in 1953 to \$3,662 in 1954, or 2 percent, but total earnings dropped from \$197,980,000,000 in 1953 to \$195,650,000,000 in 1954, or a loss of \$2,330,000,000.

The same issue of the same publication also includes an interesting table showing the decline in production workers in manufacturing in 1954 from 1953.

I ask unanimous consent that this table be inserted in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 6.—*Production workers in manufacturing*

	1954 employment			
	Annual average (1,000)	Percent change from 1953	4th quarter average (1,000)	Percent change from 4th quarter, 1953
Manufactures.....	12,631	-8.8	12,688	-6.5
Durable goods.....	7,233	-11.4	7,223	-8.9
Ordnance and accessories.....	129	-30.6	110	-41.5
Lumber and wood products, except furniture.....	663	-6.0	710	3.3
Furniture and fixtures.....	288	-9.7	298	-2.9
Stone, clay and glass products.....	432	-6.1	439	-3.9
Primary metal industries.....	991	-12.5	985	-9.7
Fabricated metal products.....	837	-10.2	834	-7.3
Machinery except electrical.....	1,145	-12.1	1,096	-11.9
Electrical machinery.....	810	-12.9	826	-9.2
Transportation equipment, except automobiles.....	732	-6.5	696	-10.5
Automobiles.....	602	-20.8	622	-11.5
Instruments and related products.....	219	-9.5	213	-12.0
Miscellaneous manufacturing industries.....	384	-7.5	393	-6.9
Nondurable goods.....	5,398	-5.0	5,466	-3.1
Food and kindred products.....	1,093	-3.6	1,110	-3.6
Tobacco manufactures.....	94	-1.1	106	1.0
Textile mill products.....	984	-10.0	993	-5.2
Apparel and other finished textile products.....	1,041	-5.5	1,052	-3.6
Paper and allied products.....	437	-9	440	-1.1
Printing and publishing.....	618	1.0	525	.2
Chemicals and allied products.....	527	-4.4	528	-3.5
Petroleum and coal products.....	177	-4.8	174	-4.9
Rubber products.....	197	-10.9	206	-2.8
Leather and leather products.....	330	-4.9	332	-3

AMERICAN WAGES FAR HIGHER THAN THOSE PAID FOREIGN COMPETITORS

Mr. MALONE. Mr. President, American wage rates are 4 to 10 times those of any foreign country in Europe, Asia, or Africa, depending on the country.

Free trade is compelling the American workman to compete against foreign labor receiving only a fraction of the prevailing American wage.

The foreign producer now has the advantage of machinery as efficient as our own, and in many instances newer and more modern machinery, which our taxpayers have helped pay for through foreign aid.

UNITED STATES TAXPAYERS HAVE EQUIPPED FOREIGN COMPETITORS WITH WORLD'S BEST MACHINERY

There should be exploded once and for all the myth on which the free-traders and one-worlders ride, that with our know-how and machinery we can compete with anyone.

I have personally visited all the nations of the world except the Iron Curtain countries and a couple of the low countries. I say that with our taxpayers' money we have installed in many foreign countries the most up-to-date machinery there is in the world.

It makes no difference whether the plant is in England or in South Africa or in the Belgian Congo or in Australia.

When an American installs a plant in a foreign nation it is the best plant of the kind in the world, because it represents the last word. Then, what does the investor do? He does what any sensible person would do—it is just common horse sense of which there seems to be a great dearth in Washington—he sends trained foremen and superintendents to operate the machinery and to train the men who run the detailed work. There may be in the plant anywhere from 2 or 3 to 10 percent of Americans. That is true all over the world, Mr. President.

With the common run-of-the-mill labor operating the machinery, doing a certain type of work over and over again, who will say that the Australian, the

Scotch, the English, and most of the world's citizens cannot do just as much work as an American can do? They do it, Mr. President.

IMPORTING PRODUCTS OF FOREIGN LABOR NEGATES IMMIGRATION LAWS

We are importing foreign labor at slave wages when we import competitive foreign products, just as surely as if we were importing the foreign workers themselves under a policy of free and unrestricted immigration.

We are nullifying our own immigration laws when we permit the products of low-wage foreign labor to compete against our own high-wage, high-living-standard American labor in American markets.

The more foreign labor we import in foreign products, the less production we will have at home, and the more cost pressure will be applied to force American wages down to foreign levels.

That, in my opinion, Mr. President, is the ultimate free-trade goal.

MINORITY VIEWS ON H. R. 1

Mr. President, at this point I ask unanimous consent to have printed in the RECORD as a part of my remarks an extract from Senate Report No. 232, 84th Congress, 1st session, the minority views opposing the extension of the 1934 Trade Agreements Act, pages 7 to 30, inclusive.

There being no objection, the extract was ordered to be printed in the RECORD, as follows:

EXTRACT FROM SENATE REPORT NO. 232, 84TH CONGRESS, 1ST SESSION

I oppose H. R. 1 for the following reasons:

1. H. R. 1 broadens and extends an act wrong in principle, disastrous in its effects, and adverse to the national interest, economy, security, and independence.

2. H. R. 1 continues a program which denies to American citizens rights and representation guaranteed them under the Constitution in matters of foreign trade and commerce, and which makes the resources and skills of millions of Americans pawns of international political manipulation.

3. H. R. 1 reaffirms a policy which denies American producers equal access with foreign producers to our own American markets,

fosters gross discrimination against important segments of our national life, creates unemployment, and jeopardizes industries, jobs, and investments.

4. H. R. 1 proposes to chain the United States for 3 more years to a global authority, the General Agreement on Tariffs and Trade, or GATT, in which our markets are bartered away in secret on foreign soil by diplomatic underlings of the State Department to the advantage of foreign nations.

5. H. R. 1 is unsound, unfair, uneconomic and incompatible with article I, section 8, of the Constitution of the United States of America.

6. H. R. 1 reenacts the 1934 Trade Agreements Act which has failed in all of its stated objectives during the 21 years of its existence.

7. H. R. 1 perpetuates a plan conceived by a prior administration seeking power over the legislative branch of our Government, and sold to the 73d Congress through irresponsible pledges by the then President that "no sound and important American interest will be injuriously disturbed." Industries not only have been seriously disturbed but severely damaged and partially destroyed. Spokesmen for many of these industries have testified to that effect in hearings on H. R. 1 before the Senate Finance Committee, and have expressed their vigorous opposition to H. R. 1.

8. H. R. 1 repeats the false premise of predecessor acts that the trade-agreements program is for the purpose of expanding foreign markets for the products of the United States. The program has survived for 21 years only through the artificial trade stimulation of foreign wars, preparations for foreign wars, a continuing war economy induced by threats of further foreign wars; gifts and grants of more than \$100 billion to foreign nations financed by the American taxpayers, and through the susceptibility of the Congress to foreign and domestic propaganda linking our giveaway trade and dollars to fears of new foreign wars.

9. H. R. 1 reauthorizes a trade program geared to a war economy only, and which defeats normal international trade relations in times of peace by making such trade a tool of international politics, placing control over exports in the hands of central governments which include not only republics such as ours but monarchies and dictatorships.

10. H. R. 1, like the original Trade Agreements Act of 1934 and subsequent extension acts, grants to the President authority to enter into future international trade agreements of any type, applicable to any products, and subject only to a blanket percentage limitation. In other words, H. R. 1 bestows on the President a blank check to remake the industrial and economic map of the United States.

11. H. R. 1 requires no referral of trade treaties and agreements to the Congress to which the Constitution, article I, section 8, confers the total responsibility of laying and collecting duties or tariffs and of regulating our trade and commerce with foreign nations. Nor is ratification by a vote of two-thirds of Senate Members present required, as stipulated in article II, section 2, of the Constitution with respect to treaties. The executive branch has chosen to avoid this obligation by labeling trade treaties "trade agreements."

12. H. R. 1, as did its predecessors, permits the President to transfer the authority delegated to him by the Congress to subordinates. Throughout the life of the act and program the Chief Executive has, to all purposes and effects, so redelegated his authority under the act, principally to subordinates in the State Department.

13. H. R. 1, like its predecessor acts, not only permits the President to transfer his delegated powers to subordinates, but permits these subordinates to transfer their

authority to GATT, the General Agreement on Tariffs and Trade, which meets in Geneva, Switzerland. Subordinates of the President have so done since 1947, transferring to, and diluting their authority among, the 34 nations now participating in GATT.

14. H. R. 1 in no way precludes the delegation of authority to the President from being passed on by him to subordinates in the State Department or in any other agency of the executive branch of his choosing. Nor does it preclude the State Department from continuing to pass on its delegated authority to an international GATT. Thus the ultimate delegation is thrice removed from the Congress, to which the Constitution entrusted responsibility for the regulation of foreign commerce. It is thrice removed by the Congress own hand.

15. H. R. 1 not only continues this delegation thrice removed but broadens it. Unlike its predecessor extension acts, H. R. 1 grants the President direct authority to commit the United States to GATT, to a revised GATT, or to GATT-type international organizations, as witnesses of broad legal experience have testified before the Senate Finance Committee during hearings on H. R. 1. GATT has never been before the Congress for approval or rejection on its merits, but the back door approach to such sanction is being utilized under subsection A of section 3 of H. R. 1.

16. H. R. 1 employs the word reciprocal in relation to so-called concessions which it infers other nations may make to the United States. Neither word appears in the original 1934 Trade Agreements Act. Both words are inventions to sugar-coat an act which has never been administered with other than one purpose—to cut tariffs on imports to the United States. Other nations have not reciprocated these tariff cuts. Testimony has been offered in Senate Finance Committee hearings that 32 nations favored by cuts in tariffs on products they export to the United States have increased their own tariffs within a recent period. Of 91 trading countries, 68 required import licenses on American products generally, and 9 others on some products or a total of 77; and 38 require exchange permits. Ten others link exchange permits to import licenses. Only 10 apply no control regulations at all on imports from the United States.

17. H. R. 1 would authorize further tariff reductions on imports to the United States.

18. H. R. 1 unlike any predecessor act, authorizes the President to commit the United States in a trade agreement with one country in behalf of trade concession by it to a third country. The object of this device which has no relation to our own foreign exports, is to assist Japan.

19. H. R. 1 proposes that the 84th Congress extend the Trade Agreements Act 3 years beyond the present termination date of June 12, 1955, or for more than a year and a half beyond the life of the present Congress. Foreign situations may well change during this period that will increase the adverse effects of the 1934 Trade Agreements Act on American industries and markets. Yet H. R. 1 would commit the 85th Congress and a possible new administration for a year and a half to an obsolete trade-agreements program, subject only to repeal.

20. H. R. 1 would likewise, to all purpose and effect, commit the next Congress and administration for a similar period to the General Agreement on Tariffs and Trade, or GATT, in which our markets are put on a foreign auction block to the advantage of 33 foreign nations and, as has occurred frequently in the past, to the disadvantage of the United States.

21. H. R. 1, while extending the Trade Agreements Act for 3 years, would require the President to submit to the Congress an annual report on the operation of the program. The value of such a report is vague,

considering that Congress already has, in derogation of the Constitution, article 1, section 8, delegated to the President complete authority to regulate foreign commerce. The value of such a report is further diminished in view of the fact that GATT sessions are held in secret and its decisions are at times restricted for periods of more than a year. It should be obvious, therefore, that this provision in H. R. 1 is merely "window dressing" to make a bad bill appear more attractive. Public knowledge of our foreign trade needs and problems can come only when the Trade Agreements Act expires and the United States is freed from its present chains to GATT.

22. H. R. 1, in extending the firm life of GATT, is making a European colony out of the United States with respect to trade and commerce, subject not to a king as in pre-Revolution days, but to the governments of 33 foreign states through their representatives in GATT.

23. H. R. 1, by continuing GATT, jeopardizes the Nation's farm program by subjecting our restrictions on imports of certain agricultural commodities and our price-support system to continual attack and negotiation in an international organization in which the United States has one vote. At the ninth session of GATT, held recently in Geneva, Switzerland, GATT was given assurances by the State Department that it will seek to modify provisions of section 22 of the Agricultural Adjustment Act, imposing import quotas on certain products, as "changing circumstances warrant such modification" and will "promptly" terminate them when "circumstances requiring the action no longer exist." Thus H. R. 1 could be used to negate other legislation passed by the Congress, such as the Agricultural Adjustment Act.

24. H. R. 1 would entangle the Nation's economy, industry, and trade further in an international web which leaves neither Congress nor its victims, the American producers, any recourse other than the so-called escape clause, which in turn vests sole final authority in the President. Dying industries may apply for relief under the escape clause, but in all the cases filed to date the Chief Executive has granted relief in only five.

25. H. R. 1 would admittedly injure some American industries, according to the Secretary of State who testified before the Senate Finance Committee on March 15, 1955:

"I do not think you can have imports without some damage, and if your rule is that you will not have imports or tariff reductions or sustain them if there is any damage to anybody, then I think it becomes unworkable."

26. H. R. 1 is not a "trade" bill. It is a foreign policy bill. It is a bill to permit the President's subordinates in the State Department to sacrifice industries, jobs, and investments in the United States for a presumed advantage to foreign nations if, in the opinion of the State Department such a sacrifice will implement its foreign policy.

27. H. R. 1 provides the State Department the chips of our domestic economy to use as pawns in its game of international politics. In return for the sacrifice of domestic industries such as coal, textiles, lead, zinc, glassware, and other resources and commodities, the State Department seeks only lipservice good will from nations governed by self-interest. Secretary Dulles' argument for H. R. 1 was on the assumption that it is an instrument of foreign policy and that "international repercussions would be major and their consequences would be grave" if it were tampered with by the Congress, to which sole responsibility for foreign-trade regulation is given by the Constitution.

28. H. R. 1 will weaken our defense potential. Further tariff cuts well be authorized on imports of critical and strategic

minerals and materials in which this country is self-sufficient. Imports of these materials, many of which are produced in the shadow of the Iron Curtain, will be encouraged, despite the fact that they would be cut off from us completely in time of war. More American mines, vital to our national security but unable to meet low-wage foreign competition, will be closed down and more American miners will be idled. Many of these mines and much of our mining skills will be lost entirely and cannot be restored in time of national emergency.

29. H. R. 1 will compel American workers in manufacturing as well as mining fields to complete for 3 more years in their own American market against foreign products produced at foreign wage rates one-fourth to one-tenth the prevailing wage in the United States for comparable work and skills. Invasion of our markets by the products of this low-wage foreign labor will continue to be actively encouraged by the State Department, intent on encouraging increased competitive imports.

30. H. R. 1 perpetuates in a modified degree the fraud perpetrated by sponsors of the 1934 Trade Agreements Act that it was legislation to benefit agriculture, industry, mining, and commerce. The act has, instead, worked injury on these segments of our domestic economy. Used as an instrument of foreign policy the program has encouraged and developed foreign agriculture, industry, mining, and commerce at the expense of our own industries, investors, workingmen, and markets. H. R. 1 extends this wrong.

31. H. R. 1 contains not one word of assurance, hope, or encouragement for the American workingmen or investors in industries producing for the American market. There is not one word guaranteeing any American market or supplier against suffocation by foreign imports. There is not one word in this bill that offers real safeguards from cut-rate foreign competition to any American employed in a domestic industry or whose dollars are invested in America. The fact that no assurances in behalf of domestic producers for the domestic market are contained in the bill may explain the many verbal expressions of the administration in this field of discussion. There have been a plethora of verbal assurances, but none of them are embodied in the bill. They are not in the bill because the administration did not want them in the bill and opposes their inclusion.

32. H. R. 1, stripped to its basic purposes, is a bill to cut tariffs on imports at whatever cost to America's welfare, economy, and security.

THE ECONOMIC EFFECTS

The Trade Agreements Act, which H. R. 1 would extend, was sold to the 73d Congress by the then administration "as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic employment and the present economic depression, in increasing the purchasing power of the American public, and in establishing a better relationship among various branches of American agriculture, industry, mining, and commerce." It also was promoted as being "for the purpose of expanding foreign markets for the products of the United States."

Sponsors of H. R. 1 have somewhat modified this extravagant language in the 1934 act. In both instances the State Department has been the chief proponent of the legislation and the original author.

H. R. 1 omits references to unemployment, purchasing power, and living standards. It retains the language that it is for the purpose of expanding foreign markets, and also that it is being done as a means of "establishing and maintaining a better relationship among various branches of American

agriculture, industry, mining, and commerce." It is significant that after 22 years of administration the administrators of the program are still proposing it as a means of establishing such better relationship.

The Trade Agreements Act was approved June 12, 1934. The first agreement, with Cuba, was signed in September of that year. Agreements with Belgium, Sweden, and Haiti became effective in 1935. But it was not until 1936 that trade agreements with important exporting countries became effective. A limited agreement with Canada was concluded, and expanded in 1937. Agreements also became effective during 1936 with Brazil, Colombia, Honduras, the Netherlands, Switzerland, Nicaragua, Guatemala, France, Finland, Costa Rica, and San Salvador.

In 1937, after 16 trade agreements had been concluded, 7,700,000 American workmen and women were unemployed. In 1938 there were 10,390,000 unemployed, and in 1939 there were 9,030,480 unemployed, a million and a quarter more than in 1931, more than double the number in 1930, and more than 6 times the number who were unemployed in 1929.

Relief from unemployment came with the war boom, not as a result of the Trade Agreements Act which, 5 years after its enactment found 17.2 percent of the Nation's labor force out of work.

In 1947, after 29 bilateral trade agreements had been negotiated, President Truman, on December 16 of that year, proclaimed the General Agreement on Tariffs and Trade in effect as of January 1, 1948, thus substituting multilateral trade treaties for bilateral agreements as envisioned in the 1934 Trade Agreements Act. The President claimed the Trade Agreements Act as authority for this action.

Two million sixty-four thousand Americans were unemployed in 1948, or 3.4 percent of the civilian labor force. One year later, in 1949, 3,395,000 civilian workers were unemployed, or 5.5 percent. In June 1950, the President involved the United States in the Korean conflict and unemployment dropped to 3,142,000 or 5 percent. Unemployment fell to below 2 million in the war years, but returned to 5 percent at the conclusion of active combat. In 1954, according to the Labor Department, 3,230,000 Americans were unemployed.

Agriculture has suffered an even more severe drop in employment, despite the assurances of the Trade Agreements Act. In 1936 the number of Americans employed in agriculture was 10 million. In 1954 the number had been reduced to 6,504,000, the lowest number in 25 years for which statistics have been made available by the Labor Department.

In January 1955, the American labor force, including members of the Armed Forces, totaled 66,700,000. Of this number, 3,203,000 were serving in the Armed Forces and 60,150,000 were employed in civilian activities. Agricultural workers had been further reduced in number to 5,297,000. The Labor Department listed 3,347,000 workers in all activities as unemployed, 1,205,000 more than the 2,142,000 in 1947 when President Truman propelled us into the General Agreement on Tariffs and Trade.

Of equal pertinence is the fact that 2 years ago there were 37 distressed areas in the United States; 1 year ago there were 80, and as of March of this year, the latest month on which the Labor Department has reported, there were 156.

These areas and the principal industrial or other source of their economic distress are listed in Senate Report No. 60 of the 84th Congress, and in remarks made by the senior Senator from Nevada on the floor of the Senate on April 18, 1955. At that time he pointed out that coal mining, which is suffering from imports of petroleum products

from foreign nations, including the Near East and Indonesia, is the principal industry in 33 distressed areas, while other areas in which lead, zinc, or fluorspar mining is a leading industry also are in distress.

Textile manufacture is the No. 1 industry in 20 distressed areas and the second dominant industry in 5 others. Electrical machinery is the industry most adversely affected by unemployment in 7 distressed areas and among the principal industries affected in 5 others. The chemical industry is suffering unemployment in four areas. All of these industries are being forced to compete against an import flood from low-wage foreign nations.

Unemployment in machinery industries, reflecting injury caused by competitive imports from abroad, has brought distress to 19 areas and contributed to distress in 9 others. Electrical machinery is manufactured in 13, nonelectrical in 10, and farm machinery in 5. Metal industries are hurt in many areas, and mining, including lead, zinc, and fluorspar; pottery, china, and glassware, machine tools, leather products, and lumber are suffering in others.

Bureau of Census records show that in 1954 the United States imported approximately \$800 million in textile fibers and manufacturers; \$350 million in machinery of which \$70 million represented farm machinery; a quarter billion dollars worth of chemicals and related products; \$1,700 million in metals and manufactures not including machinery and vehicles; \$1,200 million in non-metallic minerals, including more than \$825 million in petroleum and petroleum products brought in from foreign lands to compete against America's own fuels industries and workers; a quarter billion dollars in lumber and sawmill products and \$100 million in manufactured woods such as plywood, shingles, and veneers.

More than \$200 million in meat and dairy products were imported to compete against America's agriculture, dairy, and livestock industries, and imports of fish, shellfish, and fisheries products totaling more than \$200 million contributed to the distress of coastal fisheries and fishermen.

Every import of a foreign product that competes with products produced in the United States puts American dollars in pockets of foreign workers and investors, and takes dollars out of the pockets of workers and investors in identical or similar production here.

Every imported product that is competitive against American mined or manufactured goods competes against American producers for America's own markets, and every tariff cut under the Trade Agreements Act and GATT has augmented the advantage of foreign producers in such competition.

The original Trade Agreements Act authorized the President to reduce tariffs 50 percent. Subsequent legislation authorized him to cut remaining tariff rates 50 percent, or a total reduction of 75 percent from 1930 rates. On the overall, a 68-percent reduction has been granted. Actually, the reduction has been greater than that as a result of inflation and dollar devaluation.

House Resolution 1 permits further reductions of 5 percent a year for 3 years, a bonus to foreign producers who receive it greater than the dividends paid by many American industries affected by import competition.

This bonus to foreign producers may well add to the distress of the 156 areas scattered among 32 of the 48 States, or create new distressed areas in these or other States.

Of these States Alabama has 7 distressed areas, Arkansas and Connecticut, 1 each; Georgia, 2; Illinois, 4; Indiana, 8; Iowa, 2; Kansas, 1; Kentucky, 11; Maine and Maryland, 1 each; Massachusetts, 8; Michigan, 11; Minnesota, 1; Missouri, 4; New Jersey, 2; New Mexico, 1; New York, 8; North Carolina, 5; Ohio, 9; Oklahoma, 2; Oregon, 1; Penn-

sylvania, 20; Rhode Island and South Carolina, 1 each; Tennessee, 5; Texas, 1; Vermont, 2; Virginia, 4; Washington, 1; West Virginia, 13; and Wisconsin, 4.

Senators from these States may obtain further information on this by consulting Senate Report No. 60 of the 80th Congress, or the table printed in the CONGRESSIONAL RECORD of April 1.

Witnesses appearing for many industries testified in specific and concrete terms before the Senate Finance Committee concerning job cutbacks in their respective industries, caused in whole or in part by import dumping.

No witness presented specific and concrete evidence of any nature concerning increases in employment in any industry resulting from the trade-agreements program. Estimates have been offered from time to time by proponents of reduced tariffs relating to employment in foreign trade, but in every instance they have been general, vague, and not backed up by facts, figures, or evidence.

The employment cutbacks sustained by industry as a result of import competition from low-wage countries reaping the advantage of our open, low-tariff markets are very real, and are supported by statistics.

H. R. 1 will increase unemployment and distress in the United States if it is enacted, and the State Department, the principal proponent of the legislation, knows it.

Perpetuation of a foreign policy which has brought 3 wars in less than 40 years has been placed above the interest and protection of American industries, workers, and investors, and H. R. 1 will enable the State Department to continue this policy.

THE RECORD ON EXPORTS OF FARM COMMODITIES

H. R. 1 will continue a program which has failed its promises to agriculture and which threatens agriculture with grievous injury.

Cotton exports during the 14 years prior to passage of the 1934 Trade Agreements Act averaged more than 7 million bales a year. In the 4 depression years of 1930, 1931, 1932, and 1933, they were 7,048,000, 8,989,000, 8,647,000, and 8,366,000 bales, respectively. During the prewar years following passage of the 1934 Trade Agreements Act they averaged less than 5 million bales a year. Exports from 1946 through 1953, the postwar years, averaged only 4,234,500 bales per year, and in 1952 and 1953 were 3,110,000 and 3,798,000, respectively. The peak export year for cotton was 1926, when 11,281,000 bales were shipped abroad, and the lowest year was 1941, 7 years after passage of the Trade Agreements Act, when only 1,202,000 bales were exported. Pearl Harbor occurred on December 7, 1941, too late to have caused this tremendous drop in exports.

Neither the trade-agreements program, which H. R. 1 would extend, nor GATT, which it would continue, have expanded our cotton export markets.

Tobacco exports during the 14 years prior to the 1934 Trade Agreements Act averaged more than 500 million pounds per year; topped 600 million pounds in 1929, a record that has never subsequently been equaled. Under the trade-agreements program, tobacco exports averaged 369 million pounds per year prior to Pearl Harbor, and averaged 400,043,000 during the war years. They hit their low in 1940, 6 years after passage of the Trade Agreements Act—179,626,000 pounds. Since the war they have averaged slightly less than 480 million pounds per year, or 20 million pounds less than the average for the pre-1934 trade-agreements period.

The Trade Agreements Act has not expanded export markets for tobacco. Whatever effect it may have had at all has been to decrease them.

Butter exports during the 14 years prior to the 1934 Trade Agreements Act averaged 4,777,000 pounds per year. Following pas-

sage of the Trade Agreements Act in 1934 they averaged 2,514,000 pounds per year for the 7-year period, 1935 through 1941.

Butter exports in 1952 and 1953 totaled 387,000 and 521,000 pounds, respectively.

The Trade Agreements Act, which H. R. 1 would extend, has failed to expand our butter export market.

Wheat exports prior to the depression averaged 214,784,000 bushels per year without foreign aid or other forms of surplus disposal abroad. For the 7 years following passage of the 1934 Trade Agreements Act through 1941 they averaged 55,887,000 bushels per year. Since the war wheat exports, including shipments under gifts and grants, have averaged 385,482,000 bushels per year. In 1953 they dropped to 219,359,000 bushels, or approximately the average in the 1930's.

The Department of Agriculture advises us that it has no breakdown distinguishing between exports shipped in the course of normal trade, and those financed in whole or in part through foreign aid or subsidies.

Rye shipments during the 1920's averaged 27,186,000 bushels per year. Both in 1922 and 1925 exports of rye exceeded 50 million bushels. For the 14 years prior to the 1934 Trade Agreements Act, including depression years, they averaged 19,524,000 bushels per year. Following approval of the Trade Agreements Act, rye exports averaged 1,231,000 bushels per year. During the war they averaged 2,592,000 bushels per year, and since the war the average per year has been 3,164,000 bushels. In 1952 exports of rye dropped to 320,000 bushels, and in 1953 to 7,000 bushels. The Trade Agreements Act of 1934, which H. R. 1 would extend, obvi-

ously has not expanded the export market for this agricultural commodity.

Oat exports during the 10 years prior to the depression averaged 17,039,000 bushels per year. During the depression years prior to approval of the Trade Agreements Act they averaged 3,778,000 bushels.

The average for the prewar years from 1934, the year the Trade Agreements Act was passed, through 1941, was 3,872,000 bushels. Since the war oat exports have averaged 12,979,000 bushels per year, with exports declining each year since 1948 to 4,143,000 in 1952 and 3,446,000 in 1953.

The Trade Agreements Act, which H. R. 1 would extend, does not appear to have expanded our oat export market.

Farm commodities subject to quantitative restrictions under section 22 of the Agricultural Adjustment Act are cotton, wheat, oats, rye, rye flour and meal; barley and barley malt; butter, cheese, dried whole milk, dried skimmed milk, dried buttermilk, dried cream, malted milk and compounds; and peanuts. These restrictions are the subject of vigorous action in GATT, and may be jeopardized if GATT is continued. H. R. 1, by continuing the Trade Agreements Act, also continues the authority presumed by the State Department to authorize American participation in the GATT.

Manufactured articles in the United States have no protection from import competition such as quotas or quantitative restrictions. Neither have our domestic mines and mineral resources.

The following table, prepared by the Department of Agriculture, lists the quotas which are applicable to agricultural commodities, and which our continuance in GATT would jeopardize.

TABLE I.—Commodities currently subject to quantitative restrictions under sec. 22 of the Agricultural Adjustment Act, as amended, including the quota and beginning date of quota year

Commodity	Unit	Beginning date (1954)	Quota
Cotton:			
Long staple (1½-inch and longer but less than 1¾-inch).....	Pounds.....	Feb. 1	45,656,420
Short staple (under 1½-inch other than harsh or rough).....	do.....	Sept. 20	14,516,882
Harsh or rough under ¾-inch.....	do.....	do.....	70,000,000
Cotton waste ²	do.....	do.....	5,482,509
Grains: ³			
Wheat ⁴	Bushels.....	May 29	800,000
Wheat products ⁵	Pounds.....	do.....	4,000,000
Oats, hulled, unhulled, and unhulled ground.....	Bushels.....	Oct. 1	40,000,000
Rye, rye flour, and meal.....	Pounds.....	July 1	186,000,000
Barley and barley malt.....	Bushels.....	Oct. 1	27,500,000
Dairy products:			
Butter.....	Pound.....	July 1	707,000
Cheese:			
Cheddar.....	do.....	do.....	2,780,100
Blue mold.....	do.....	do.....	4,167,000
Edam and Gouda.....	do.....	do.....	4,600,200
Italian ⁶	do.....	do.....	9,200,100
Dried whole milk.....	do.....	do.....	7,000
Dried skimmed milk.....	do.....	do.....	1,807,000
Dried buttermilk.....	do.....	do.....	496,000
Dried cream.....	do.....	do.....	500
Malted milk and compounds.....	do.....	do.....	6,000
Peanuts:			
Peanuts ¹⁰	do.....	do.....	1,709,000
Supplemental quota for period ending June 30, 1955 ¹¹	do.....	do.....	51,000,000

¹ Country quotas are prescribed for short-staple cotton and cotton waste.

² Card strips made from cotton under 1½ inches, comber waste, lap waste, sliver waste, roving waste, however, not more than 3¾ percent shall be filled by cotton wastes other than comber waste made from cottons of 1½ inches or more in staple length in the case of certain countries.

³ Excludes all certified or registered seed approved for planting under the Federal Seed Act.

⁴ The quota excludes wheat and flour "unfit for human consumption" or for experimental purposes.

⁵ Includes flour, semolina, crushed or cracked, and similar wheat products.

⁶ The annual quota of 40 million bushels permits 39,312,000 bushels from Canada and 688,000 pounds from other foreign countries.

⁷ Of which not more than 15,000 pounds may be rye flour and rye meal.

⁸ Permits not more than 27,225,000 bushels from Canada and not more than 257,000 bushels from other foreign countries. The Canadian Government indicated it will voluntarily limit exports of feed barley to the United States to 35 million bushels during this same period.

⁹ Italian-type cheese made from cow's milk including Romano, Reggiano, Parmesano, Provoloni, Provolette, and Sbrinz.

¹⁰ Shelled basis, including whether shelled, not shelled, blanched, salted, prepared or preserved (including roasted but not peanut butter).

¹¹ By Presidential proclamation an additional quota of 51 million pounds became applicable on March 10 for the quota period ending June 30, 1955.

¹² Shelled basis. Includes peanuts shelled, blanched, salted, prepared or preserved (including roasted peanuts but not including peanuts not shelled or peanut butter).

With respect to the total export picture:

The United States exported 12.9 percent of its production of movable goods in 1921; 9.1 percent in 1923; 10.1 percent in 1925; 9.9 percent in 1927; 9.6 percent in 1929; 7.3 percent in the depression year of 1931; and 6.5 percent in the depression year of 1933. Economic aid for foreign countries at the expense of American taxpayers had not then been invented and all exports were in the normal course of foreign trade and commerce.

In 1935, 1937, and 1939, still without the advantage of American economic or military aid, the United States exported 6.7, 7.5, and 7.5 percent of its total production in movable aid.

In 1941, after lend-lease had been inaugurated, exports totaled 7.9, but of these only 5.8 percent were normal commercial transactions.

Not including exports financed solely by the American taxpayer, exports for the post-war years, beginning in 1946, have amounted to the following percentages of the total production of movable goods in the United States: 4.9, 7.3, 5.4, 4.8, 4.1, 6.2, 5.8, 5.1, and 6. These percentages were prepared from basic data and with the assistance of the Department of Commerce.

The 1934 Trade Agreements Act has not served to expand foreign markets for the products of the United States.

H. R. 1 AND GATT

H. R. 1, in providing the legislative authority under which the State Department expects to continue United States participation in GATT, contributes to the subordination of the national policy on agriculture commodities to an international organization meeting in foreign lands.

Dispatches from Geneva, Switzerland, on March 7, 1955, reported:

"The 34 member nations of the General Agreement on Tariffs and Trade (GATT) have granted permission for the United States to continue to impose quantitative restrictions on certain agricultural imports. But the members also gave other countries permission to retaliate and seek compensation if affected by the restrictions which are contained in section 22 of the United States Agricultural Adjustment Act.

"This section mainly concerns imports of dairy produce and had led to clashes with several nations in the past. Holland once retaliated by slashing imports of wheat from the United States. The United States is understood to have assured GATT that it will end any restrictions under the act as soon as they are no longer needed and consult with interested countries before taking further action."

Confirmation of this report comes from GATT itself in a release titled:

"Decision To Grant a Waiver to the United States in Connection With Import Restrictions Imposed Under Section 22 of the United States Agricultural Adjustment Act of 1933 as Amended."

Under a subhead: "Conditions and procedures" the document states:

"1. Upon request of any contracting party which considers that its interests are seriously prejudiced by reason of any import restriction imposed under section 22, whether or not covered by this decision, the United States will promptly undertake a review to determine whether there has been a change in circumstances which would require such restrictions to be modified or terminated. In the event the review shows such a change, the United States will institute an investigation in the manner provided by section 22.

"2. Should the President of the United States acting in pursuant of section 22 cause an investigation to be made to determine whether any existing import restric-

tion should be modified, terminated, or extended, or whether restrictions should be imposed on the import of any additional product, the United States will notify the contracting parties and, in accordance with article XXIII of the general agreement, accord to any contracting party which considers that its interests would be prejudiced the fullest notice and opportunity, consistent with the legislative requirements of the United States, for representations and consultation.

"3. The United States will give due consideration to any representations submitted to it including:

"(a) When investigating whether any existing import restriction should be modified, terminated, or extended, representations that a greater volume of imports than is permitted under the import restriction would not have the effects required to be corrected by section 22, including representations that the volume of imports that would have entered in the absence of governmental agricultural programs would not have such effects.

"(b) When investigating with respect to import restrictions on additional products, representations with regard to:

"(1) the effect of imports of any product upon any program or operation undertaken by the United States Department of Agriculture or any agency under its direction, or upon the domestic production of any agricultural commodity or product thereof for which such a program or operation is undertaken, including representations that the volume of imports which would have entered in the absence of governmental agricultural programs will not have the effects required to be corrected by section 22:

"(ii) the representative period to be used for the determination of any quota.

"(c) Representations by any contracting party that the portion of a total quota allotted or proposed to be allotted to it is inequitable because of circumstances that operated to reduce imports from that contracting party of the product concerned during the past representative period on which such import quota is based.

"4. As soon as the President has made his decision following any investigation the United States will notify the contracting parties and those contracting parties which have made representations or entered into consultations. If the decision imposes restrictions on additional products or extends or intensifies existing restrictions the notification by the United States will include particulars of such restrictions and the reasons for them regardless of whether the restriction is consistent with the general agreement.

"5. The United States will remove or relax each restriction permitted under this waiver as soon as it finds the circumstances requiring such restriction no longer exist or have changed so as no longer to require its imposition in its existing form.

"6. The contracting parties will make an annual review of any action taken by the United States under this decision. For each such review the United States will furnish a report to the contracting parties showing any modification or removal of restrictions effected since the previous report, the restrictions in effect under section 22 and the reasons why such restrictions (regardless of whether covered by this waiver) continue to be applied and any steps it has taken with a view to a solution of the problem of surpluses of agricultural commodities."

Elsewhere the GATT "decision" states:

"(a) To help solve the problem of surpluses of products for which section 22 import quotas now are in effect, the United States Government has taken positive steps aimed at reducing 1955 crop supplies by lowering support price levels or by imposing marketing quotas at minimum levels permitted by legislation; and that it is the in-

tention of the United States Government to continue to seek a solution of the problem of surpluses of agricultural commodities.

"(b) The assurance of the United States Government that it will discuss proposals under section 22 with all countries having a substantial interest prior to taking action, and will give prompt consideration to any representations made by it.

"(c) That it is the intention of the United States Government promptly to terminate any restrictions imposed when it finds that circumstances requiring the action no longer exist, and to modify restrictions whenever changed circumstances warrant such modification."

All of these spineless pledges and commitments, of course, leave the American farmer behind the eight ball and beholden to the whims of his foreign competitors.

The representations, pledges, and commitments reported in this GATT document, relating to legislation passed by the Congress in behalf of the Nation's agriculture industry, were not made by the Congress but by subordinates in the executive branch representing the United States at the GATT sessions in Geneva. The State Department contends that authority for such representation and participation in GATT is given to it in the Trade Agreements Act. H. R. 1 would extend this act and therefore the presumption of this authority by the State Department.

GATT has been assured by United States representatives in Geneva that the United States will end any restrictions under section 22 of the Agricultural Adjustment Act when it is found that circumstances requiring the action no longer exist. GATT has further been assured that restrictions will be modified whenever changed circumstances warrant such modification.

Before H. R. 1 is brought to the floor of the Senate the State Department should be subject to an inquiry on the following points:

1. Who is to determine if and when the safeguards under section 22 of the Agricultural Adjustment Act are no longer needed?

2. Who is to weigh the circumstances requiring or not requiring action with respect to quotas on imports of agricultural commodities?

3. Who is presumed to exercise the authority to modify restrictions embodied in legislation passed by the Congress and affecting agriculture, and who is to determine when changing circumstances warrant such modification?

H. R. 1, by assuring continuance in GATT, opens the door to international meddling and obstructive tactics in other legislation passed by the Congress, namely, the Agricultural Adjustment Act.

Nowhere in the Agricultural Adjustment Act is there provision for scrutiny or review of an agricultural program upon request of any contracting party to the General Agreement on Tariffs and Trade, meeting in Geneva, Switzerland.

Nowhere does the Agricultural Adjustment Act provide for notifications of foreign countries when investigations are made at the request of a foreign nation or nations "to determine whether any existing import restriction should be modified, terminated, or extended." The modification, termination, or extension of quota provisions in section 22 are legislative matters for congressional determination.

Nowhere does the Agricultural Adjustment Act provide for "representations and consultation" with foreign nations which consider their interests prejudiced by administration of the Agricultural Adjustment Act.

Nowhere does the Agricultural Adjustment Act set up a criteria such as prescribed in paragraph 3 of the GATT decision taking into account the estimated volume of imports, were import restrictions not applied,

and the effects on domestic production that unlimited imports might have.

And nowhere does the Agricultural Adjustment Act provide that "as soon as the President has made his decision following any investigation the United States will notify the contracting parties and those contracting parties which have made representations or entered into consultations," plus explaining the reasons if restrictions are continued.

The authority to make the commitments made by the State Department to GATT is not embodied in the Agricultural Adjustment Act, section 22. The authority to make the commitments it has made is assumed by the State Department to grow out of the Trade Agreements Act, which H. R. 1 would extend to June 12, 1958.

The 1934 Trade Agreements Act has therefore superimposed an international coalition of 34 nations, including Communist Czechoslovakia, over not only agriculture and industry in the United States, but also over the powers and responsibilities of the Congress, as provided in article I, section 8 of the Constitution.

GATT fails or survives, insofar as American participation is concerned, depending on whether H. R. 1 is approved or rejected.

If H. R. 1 is approved GATT continues to meddle in our domestic economy and, by implication at least, in our legislative processes.

If H. R. 1 is rejected, the United States will be free of GATT strictures, control, and interference.

GATT has never been submitted to the Congress for rejection or approval, and the substantive provisions of GATT never are to be submitted according to the present thinking of the State Department.

But GATT is inextricably bound to H. R. 1 which would continue the Trade Agreements Act, the only substance on which any authority of GATT over the Nation's trade, tariffs, and economy is based.

Because the shadow of GATT hangs over H. R. 1, and is a dominant motivation for continuance of the 1934 trade agreements program, it is important in the consideration of H. R. 1 to discuss its origins and background.

GATT sessions are secret. They are held invariably on foreign soil. Information concerning actions and deliberation is scanty and released through official sources. The author of these views is in possession of a document listing 24 decisions and 3 resolutions, 3 declarations and 1 recommendation by GATT between February 1954 and March 10, 1955, involving the United States and 16 other countries including Czechoslovakia.

The document is marked "Restricted," and a note attached reads as follows:

"Although it is not definitive as yet, it is expected that this document may be de-restricted as of May 1, 1955."

No information bearing on the national security of any nation is contained, and at least one decision has been made public by the State Department. The restricted document deals only with trade, finance matters, and investment, actions which should be public knowledge to the workers and investors of America.

In the opinion of the author of these minority views, the only purpose of the restriction is to conceal information from the public and possibly from the legislative bodies of the various nations until such time as GATT deems it appropriate to inform them.

GATT and the 1934 trade agreements program have been welded together since 1947. The Trade Agreements Act was passed in 1934. The Trade Agreements Act delegated to the President power to enter into trade pacts with foreign nations, the type of agreements contemplated being bilateral. Prior to entry into GATT by Presidential proclamation on December 16, 1947, bilateral trade treaties

had been negotiated with 29 foreign countries, of which 27 treaties were still active.

THE ORIGINS OF GATT

GATT, however, had been in contemplation for several years. As early as December 22, 1941, an Advisory Committee on Post-war Foreign Policy was set up, with subcommittees on economic policy and economic reconstruction. This was replaced on April 9, 1943, by a Committee on Post-war Foreign Economic Policy.

This committee set up special committees to consider various phases of postwar foreign economic policy. Dean Acheson, then Assistant Secretary of State was given general supervision of "Shipping, relaxation of trade barriers, commodity agreements and methods of trade, private monopolies and cartels, food, and agricultural products, metals and heavy industries, petroleum, and rubber."

On November 23, 1944, Mr. Acheson announced the Department's intention "to seek an early understanding with the leading trading nations, indeed as many nations as possible, for the effective and substantial reduction of all kinds of barriers to trade," adding that "a trade conference of the United and Associated Nations should be held at the earliest practicable date for the negotiation of an agreement for the reduction of all kinds of barriers to trade."

"This agreement," he continued, "would of course be submitted to the Congress for its consideration," an assurance that has never been borne out since the evolution of the General Agreement on Tariffs and Trade, or GATT.

Among those serving on the Special Committee on Relaxation of Trade Barriers was Harry Dexter White. Alger Hiss served on the Special Committee on Petroleum.

Earlier, on April 5, 1944, President Roosevelt created an Executive Committee on Economic Foreign Policy, with Acheson, White, and Lauchlin Currie of the Executive Office of the President as initial members.

An additional committee established in this period was an Interdivisional Committee on Problems of Overall Economic Organization, with Mr. Charles P. Taft, then Director of the Office of Wartime Economic Matters, State Department, as Chairman. The Committee served during the spring of 1944 within the Department's preparatory function, and was specifically concerned with the possible establishment of "the international commission of technical experts in the economic field," to quote the State Department.

"It was also concerned," the State Department adds, "with the formulation of proposals for permanent economic organization to accompany those being developed in the political field for the maintenance of peace and security."

However, it was the executive committee created April 5, 1944, which submitted the document "Proposals for the Expansion of World Trade and Employment" which was the forerunner of GATT. Harry Dexter White, V. Frank Coe, and Harold Glasser were among those who participated in preparation of this document, representing the Treasury Department.

"Proposals" called for setting up ITO. On December 15, 1945, the executive branch announced that it was following up the document by inviting 15 other countries, including the Soviet Union and Czechoslovakia, to prepare projects for consideration at an international conference on trade and employment.

In February 1946, the Economic and Social Council of the United Nations, on motion of the United States, undertook to sponsor such a conference, setting up a preparatory committee to arrange for a conference to be held in London in October 1946. V. Frank Coe, Harold Glasser, and Victor Perlo of the Treasury Department were members of this preparatory committee.

The preparatory committee recommended procedures for carrying through the negotiations in such a way as to give effect, according to Tariff Commission Report 160, "to certain provisions of the charter of the International Trade Organization by means of a General Agreement on Tariffs and Trade."

Tariff negotiations were conducted at Geneva from April to October 1947, as part of the second session of the preparatory committee for a United Nations Conference on Trade and Employment. GATT was born at this Geneva session, and included many provisions identical with those of a Geneva draft of a proposed charter for an International Trade Organization.

Representatives of 56 nations met in Habana, Cuba, in the late fall of 1947 and early spring of 1948, there drafting a Habana charter for an International Trade Organization. The first formal session of GATT was held at Habana at the conclusion of the ITO sessions, but meanwhile, on December 16, 1947, President Truman proclaimed that GATT would be placed in effect by the United States as of January 1, 1948. Other nations entering GATT at that time were Belgium, Canada, Cuba, France, Luxembourg, the Netherlands, and the United Kingdom.

ITO was submitted to the Congress in 1949 but was not reported out by committees of either the House or Senate. GATT has not been submitted to the Congress. GATT, however, included provisions identical with or similar to provisions in the ITO Charter. Similarly or duplication between ITO and GATT provisions is spelled out in hearings before the Senate Finance Committee held February 17 through 23, 1949.

Thus GATT survives although its twin, ITO, was still-born, and it survives because the State Department preferred to withhold it from Congress after ITO was scuttled, basing their participation in GATT on the Trade Agreements Act. Even at this late date, the State Department declines to lay the substantive provisions of GATT before the Congress.

The State Department has agreed, however, to submit to the Congress a new international trade organization to be called the Organization for Trade Cooperation. OTC contains clauses and language similar to provisions and language in the ITO Charter, which the Congress declined to approve. OTC also is prefaced with what it refers to as "objectives" which to all intents and purposes duplicate the objectives of the Habana charter for ITO. The purported purpose of OTC is to supervise GATT.

Rejection of H. R. 1 will end the controversy over GATT. It will also end the authority under which the executive branch presumes to participate in GATT. Withdrawal from GATT is essential to the restoration of our commercial and economic independence.

THE CONSTITUTIONALITY QUESTION

GATT's powers over the Nation's trade and economy, which H. R. 1 would continue, are being challenged at the present time in the United States courts as unconstitutional.

The Glassware Guild, Inc., of Morgantown, W. Va., which has been seriously injured by imports of glassware from foreign countries, including several Communist countries behind the Iron Curtain, is plaintiff in the suit.

The complaint contends that GATT and GATT-prescribed tariff rates and duties are "illegal, unlawful, and of no effect," and are "violative of the supreme taxing authority of Congress, the treaty-making powers of Congress, and the foreign-commerce regulating authority of Congress."

Plaintiff further alleges that GATT is an "unconstitutional and unlawful attempt by the President to exercise power and authority not delegated to him in the Federal Constitution for the purpose of limiting cer-

tain powers delegated exclusively to Congress and transferring said powers to an international administrative agency neither recognized by the Congress nor approved by the people's elected Representatives."

The suit is now pending before the Federal courts, and a decision on it when made will have far-reaching importance on industries throughout the United States subject to foreign competition or facing the threat of foreign competition.

Congress should withhold action on H. R. 1 until the Supreme Court has rendered an ultimate decision in this case.

Constitutionality of the 1934 Trade Agreements Act likewise is challenged in this suit, and for the first time since the Trade Agreements Act was enacted.

However, constitutionality of the act has been seriously questioned since its inception.

In the 73d Congress, 10 of the 23 members of the Ways and Means Committee termed the trade agreements bill unconstitutional and un-American. Their reasons for this view are set forth in House Report No. 1000 of the 73d Congress. However the act was passed, proponents arguing that it was an emergency measure of temporary duration.

The minority contended that the bill "delegates to the President's discretionary legislative power in tariffmaking and thereby provides for an unconstitutional delegation of the supreme taxing power of Congress contrary to * * * fundamental provisions of the Constitution."

It cited article I, section 1, of the Constitution providing that all legislative powers therein granted shall be vested in the Congress; section 8 providing that Congress shall have power to "lay and collect taxes, duties, imposts, and excises," and to "regulate commerce with foreign nations," and article II, lodging the executive power of the Government in the President, and the judicial power in the Supreme Court.

The minority report also stated correctly that the Supreme Court has many times held that, under this division of powers, it is a breach of the Constitution for Congress to delegate its legislative powers to the Executive. It also pointed out that the 1934 trade agreements bill constituted an unprecedented delegation of authority, and cited numerous Supreme Court decisions to prove it unprecedented.

Subsequent to enactment of the Trade Agreements Act the Supreme Court also held delegation by Congress of legislative powers to the executive branch to be unconstitutional in several notable decisions, among them that in *Panama Refining Co. v. Ryan* (293 U. S. 388, 421), and *Schechter Poultry Corp. v. U. S.*, the famous *NIRA* or *Blue Eagle* case (295 U. S. 495, 529).

The Supreme Court ruled that "the Congress manifestly is not permitted to abdicate, or to transfer to others, the essential legislative functions with which it is thus vested."

The Congress may authorize administrative officers, or the President, to fill in the details of legislation, but in so doing the Congress must fix a primary standard to guide the administrative officers in carrying out the details of a law.

The limit to which Congress may go in delegating legislative making powers to the executive is set out in *Schechter Poultry Corp. v. U. S.*:

"Congress cannot delegate legislative powers to the President to exercise an unfettered discretion."

Possibly the latest expression on this constitutional question comes from Chief Judge John J. Parker, of the Fourth United States Circuit Court of Appeals who said in the case of *U. S. v. Guy W. Capps, Inc.*, decided April 15, 1953, in that court:

"While the President has certain inherent powers under the Constitution such as the

power pertaining to his position as Commander in Chief of the Army and Navy and the power necessary to see that the laws are faithfully executed, the power to regulate interstate and foreign commerce is not among the powers incident to the Presidential office, but is expressly vested by the Constitution in the Congress."

Further in his decision Judge Parker cited the Supreme Court decision in the steel seizure case of *Youngstown Sheet & Tube Co. v. Sawyer*, in which the Court stated:

"In the framework of our Constitution, the President's power to see that the laws are faithfully executed refutes the idea that he is to be a lawmaker. The Constitution limits his functions in the lawmaking process to the recommending of laws he thinks wise and the vetoing of laws he thinks bad. The first section of the first article say that 'all legislative powers herein granted shall be vested in a Congress of the United States.'"

Further in his decision, Judge Parker said: "Imports from a foreign country are foreign commerce subject to regulation, so far as this country is concerned, by Congress alone."

Today GATT regulates our foreign commerce, and H. R. 1 would underwrite GATT's operations for 3 more years. The question then, is whether the Trade Agreements Act of 1934, and H. R. 1 violate the Constitution.

The Trade Agreements Act of 1934 attempts to delegate to the President, to exercise in his absolute discretion, all of the legislative authority possessed by Congress in article I, section 8, of the Constitution. The only limitation on this total delegation in the original act is a provision that existing duties might not be varied more than 50 percent, and the only limitations in H. R. 1 are percentage limitations.

As stated earlier in these minority views, the authority which the Congress attempted to delegate in the Trade Agreements Act, has been to all effects redelegated to the State Department, which in turn had redelegated much of it to GATT, an international organization in no way regulated by or answerable to the Congress.

There is no thought or wish on the part of the signer of these individual views of attempting to prejudge the decision of the Federal courts or the Supreme Court in this important litigation. Nor should there be a wish or attempt by the majority of the Senate Finance Committee or of the Senate to in effect prejudge the decision by action on H. R. 1 prior to a determination by the Supreme Court of the constitutionality of the 1934 Trade Agreements Act, and on the constitutionality of executive branch acceptance of rules and rates laid down by GATT.

The question of constitutionality certainly should be resolved before any action is taken on this legislation in the United States Senate.

THE FICTION OF "RECIPROCAL TRADE"

H. R. 1 would extend a trade program that is not "reciprocal," never has been reciprocal, and never was intended to be reciprocal. No reciprocity has ever been achieved, either through the bilateral trade-agreements program of 1934 to 1947, or the multilateral program since 1947 under GATT. There is no reciprocity in GATT and none is intended.

Testimony was presented to the Senate Finance Committee during hearings on H. R. 1 that the following countries have recently increased tariff rates:

Australia, Belgium, Bolivia, Brazil, Ceylon, Costa Rica, Cuba, Denmark, Dominican Republic, Egypt, Ecuador, Finland, France, Guatemala, Haiti, India, Ireland, Israel, Italy, Jordan, Lebanon, Mexico, New Zealand, Norway, Peru, Sweden, Syria, Thailand, Union of South Africa, United Kingdom, Uruguay, and West Germany.

The United States has trade agreements with Australia, Belgium, Brazil, Ceylon, Cuba, Denmark, Dominican Republic, Finland, France, Haiti, India, Italy, New Zealand, Norway, Peru, Sweden, Union of South Africa, Guatemala, United Kingdom, and Uruguay, and all of them except Guatemala are covered by trade agreements made through GATT.

In contrast to tariff increases made by these nations the United States has decreased tariff rates 68 percent since 1937, and more than 55 percent of our imported commodities enter free from any duties at all.

This fact was confirmed by the Committee for Economic Development in November of last year. In a United States tariff policy statement the committee said:

"Only a part of our imports are subject to tariffs or import restrictions.

"Of the total annual imports of approximately \$10.8 billion in 1951, some \$6 billion consisted of products which enter free of duty or quota restrictions.

"The rest—some \$4.8 billion annually—were subject to tariff duty or import quotas.

"This \$4.8 billion included some \$2.5 billion of finished or semifinished manufactures, \$1.8 billion of them agricultural products, and \$500 million of metals and minerals. Of this \$4.8 billion of imports, however, only about \$3 billion were subject to import quotas or to tariffs sufficiently high to have an appreciable effect on the volume of imports. This \$3 billion consisted for the most part of agricultural products and finished manufactures."

Tariffs in nearly every trading nation of the world are higher than those in the United States. Examples of foreign tariff rates include:

Cotton manufactures: United Kingdom, 15 to 30 percent; Germany, up to 30 percent; Italy, 15 to 25 percent; Indonesia, 18 to 30 percent; Canada, 15 to 27½ percent.

Synthetic textiles: France, 20 to 35 percent; Italy, 25 percent; Norway, 22 percent; Belgium, 24 percent; and India, 50 percent.

Grains: France, 15 to 30 percent; Germany, 15 to 20 percent; Italy, 25 to 30 percent; Sweden, 10 to 15 percent.

Machinery: Britain, 10 to 25 percent, when it can be imported at all, and which, as will be presently shown, is rarely permitted to be imported and is subject to other types of restrictive barriers; France, up to 30 percent; Italy, 5 to 40 percent; and Japan, 15 to 30 percent.

Automobiles: India, 63 percent; United Kingdom, 33½ percent; Japan, 30 to 40 percent; France, 15 to 30 percent.

In addition to tariffs most of the trading countries impose restrictions and controls by which they limit or ban the import of United States goods into their markets.

THE FOREIGN BARRIERS TO AMERICAN TRADE

These barriers include manipulated currencies and currency shutoffs, import licenses, quotas and cartels, empire preference curbs, and exchange permits.

The United Kingdom, principal beneficiary of American aid, and a major beneficiary of United States trade concessions, bars many American-made products from its markets entirely and imposes rigid restrictions on all others except a few raw materials and foodstuffs.

The British rule in general is that no American manufactures, such as machinery, may be imported into England if such products are being made at all in the United Kingdom. Import licenses are denied for all such imports except "token" shipments on a very few commodities.

Britain grants preferential tariff rates mainly free, to products of the British Commonwealth shipped or consigned directly to the United Kingdom, but these preferential rates in no case apply to products of the

United States. American products pay the highest rate or are banned entirely.

Import duties are payable in British currency, and the rate of exchange for the conversion of foreign values is the current selling rate in the United Kingdom. By devaluing the pound, as it has done in the past, Britain can automatically raise its barriers to United States trade.

As of February 14, 1953, the Department of Commerce advised; with respect to British trade barriers and restrictions:

1. Licensing and exchange controls are maintained on about half of dollar imports, while over 80 percent of trade with European countries is free from any restriction. Quotas are set for some key dollar products.

2. Licenses covering dollar products are usually granted only for goods considered essential to the domestic (i. e., British) economy, and which are not alternately obtainable from domestic or soft currency sources.

3. The British Government announced in late June 1954 that it would give more favorable consideration from then on to applications for licenses to import dollar machinery provided the machinery in question would reduce cost, and provided no non-dollar alternatives were available.

In other words, if Britain could get machinery from any other country than the United States, import licenses would be denied for the importation of machinery from this dollar country.

Britain has sold millions of dollars worth of machinery to the United States for use in Government projects in America, paid for by the American taxpayers. Similar American products are barred from England.

"Britain industrial output index reaches highest point on record," the United States Department of Commerce reported on January 3, 1955. "Unemployment amounted to only 1 percent of the labor force," it adds.

England has achieved this record not through reciprocal trade but through protection, high tariffs, curbs on imports of American products, manipulation of exchanges, and gift dollars and contracts from the United States paid for by American taxpayers.

H. R. 1 would further benefit the United Kingdom by reducing tariffs on her products at further cost to American taxpayers, workmen, and investors.

As a gesture toward the United States, possibly in its bid for reduced tariffs here and extension of the trade-agreements program, Great Britain did, some months ago, agree to admit 650 American-made automobiles "on trial," the imports subject, of course, to British duties and taxes, bringing the price of an American Chevrolet to approximately \$6,000.

This was obviously a propaganda gesture. Britain, during 1954, exported 25,889 new cars valued at \$34,147,665 to the United States, and used cars and parts totaling another \$2.5 million in value. The tariff rate on automobiles imported into the United States from Britain is 10 percent. The British rate, excluding taxes and other charges, on cars imported from the United States is 33½ percent. On cars imported from British Commonwealth countries it is 22½ percent.

British leaders, such as R. A. Butler, Chancellor of the Exchequer, have been ardent proponents of reduced tariff barriers for the United States, while raising prohibitive trade barriers against American products reaching the British Isles.

The British are not alone. Of the 33 foreign nations in GATT, 26 impose barriers on imports from the United States by requiring import licenses to be obtained by prospective importers of American goods. As the Department of Commerce puts it:

"These regulations (import licenses and exchange permits) apply primarily to goods of United States origin and to other goods payable in United States dollars."

GATT members employing these barriers against United States trade after 22 years of concessions by the United States are—

Australia, Austria, Belgium, Brazil, Ceylon, Chile, Czechoslovakia, Denmark, Finland, France, Federal Government of Germany, India, Indonesia, Italy, Luxembourg, Netherlands, New Zealand, Nicaragua, Norway, Pakistan, Rhodesia and Nyasaland, Turkey, Union of South Africa, United Kingdom, and Uruguay.

Exchange permits also are required in many of these countries, either as separate documents or combined with the import license.

Countries not members of GATT which require import licenses or exchange permits, or both, on imports from the United States, after 22 years of trade concessions made to them under the trade agreements program which H. R. 1 would extend, are—

Anglo-Egyptian Sudan; Aden, Bahrain, Qatar, and Trucial Oman on the Arabian Peninsula; Argentina, the Belgian Congo, Bolivia, British Colonies, Bulgaria, Cambodia, Colombia, Costa Rica, Ecuador, Egypt, Ethiopia, French overseas territories, East Germany, Hashemite Jordan, Hong Kong, Hungary, Iceland, Iran, Iraq, Ireland, Israel, Japan, Korea, Laos, Lebanon, Federation of Malaya, Mexico Morocco (French zone) and Morocco (Spanish zone), Netherlands West Indies, Paraguay, Poland, Portugal, Portuguese colonies, Rumania, Singapore, Spain, Spanish colonies, Surinam, Switzerland, Syria, Formosa, Thailand, U. S. S. R., and Vietnam.

Countries which have neither import licenses nor exchange permits, or in which such restrictive devices and controls apply only to some commodities, are Saudi Arabia, commodities; Cuba (excepting wheat, flour, Arabian peninsula, Canada (except for a few commodities; Cuba (excepting wheat, flour, rice, tires and tubes, red and pink beans, potatoes, condensed milk and butter); El Salvador, French Somaliland, Greece (excepting luxury items); Guatemala, Haiti, Honduras, Liberia, Panama (excepting commodities under quotas); Tangier, Peru, the Philippines, Sweden (except automobiles, coal, and certain agricultural products); Venezuela (except approximately 25 tariff or quota items), and Yugoslavia, which licenses firms to carry on its import business instead.

Thus it is obvious that most of the trading nations of the world, whether or not they are members of GATT, have erected barriers against products of the United States, and have erected them since the 1934 Trade Agreements Act, which H. R. 1 would continue, came into operation.

While America has reduced tariffs to low and ineffectual levels, other nations have imposed devices with which they can and do shut out American products entirely.

Their program appears: Free trade for the United States; protection for the rest of the world, excepting such remote and impoverished areas as Yemen, French Somaliland, and Tangier.

The Trade Agreements Act, by the record, has not expanded America's export markets. The markets have, in fact, been reduced during the 22 years the act has been on our statute books.

The Trade Agreements Act has not achieved concessions to balance the increasing restrictions and bans placed by foreign nations.

The Trade Agreements Act is in no way reciprocal.

It is an act to increase imports of foreign products from low wage, low living standard nations, not one of which pays wages one-third as high as those in the United States, and some of which pay wages one-ninth of ours.

H. R. 1 will extend the Trade Agreements Act, and for that reason, it, too, is a bill to increase imports at the expense of the American workingman, investor, and taxpayer.

GATT, which H. R. 1 would continue regardless of whether it ever comes before the Congress, is not reciprocal. It is discriminatory against the United States and any other country which may achieve a favorable balance of payments in its foreign trade.

GATT imposes high-sounding rules to apply to prospering nations; nullifies them with respect to any and all nations which presently are not enjoying equal prosperity.

GATT proposes under article XI that no restrictions other "than duties, taxes, or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory."

Article XII, however, grants exceptions to this rule to any GATT member which wishes to "safeguard its external financial position and balance of payments." Such countries may "restrict the quantity or value of merchandise permitted to be imported."

As the State Department puts it: "Notwithstanding the general rule against the use of import restrictions in article XI, this article permits a contracting party to impose import restrictions to safeguard its external financial position and balance of payments; that is, to forestall the imminent threat of a serious decline in its monetary reserves, or, if the country has very low reserves, to achieve a reasonable rate of increase in its reserves."

Article XIV and article XX contain other exceptions.

In other words, GATT imposes rules on the United States and what few other GATT members may enjoy a favorable balance of payments, but lifts them on any members who can, through manipulation of exchanges or otherwise, claim an unfavorable balance of payments, or even profess a threat to a decline in their monetary reserves.

Such countries may also continue, or apply, discriminatory restrictions when they affect only "a small part of a country's trade and the benefits derived by the country substantially outweigh any injury to another country"; when they are to assist a country "where economy has been disrupted by war"; when they are applied by countries having a common quota in the International Monetary Fund; when they are equivalent to restrictions authorized by the "scarce currency" provisions of the fund agreement; and when they are applied "under specific preferential arrangements existing in the United Kingdom."

Every member of GATT except the United States and possibly Canada thus have an "out" to continue restrictions, controls, and preferential arrangements, and as listed earlier in this report most of the GATT members are applying them.

The United States, enjoying a high standard of living and maintaining high production levels, is the victim of GATT's rules, and will continue to be the victim until our economy is reduced to a "scant currency" and adverse payments balance basis, so long as the Trade Agreements Act remain in force.

H. R. 1 in extending the Trade Agreements Act for 3 more years will extend the life of GATT for 3 more years. Rejection of H. R. 1 will mean the death of GATT, and the end of this international control over the Nation's economy and international restrictions against America's export trade.

Rejection of H. R. 1 by the Congress will remove control over our foreign commerce, duties, and tariffs from an international aggregation of 33 foreign nations and the United States which meets in foreign lands, and in which the foreign nations have rigged the rules to our disadvantage.

Rejection of H. R. 1 will restore the regulation of tariffs and the foreign commerce to the Congress, as provided by the Constitution, article I, section 8.

Rejection of H. R. 1 will liberate the Nation from GATT and restore our national economic independence.

WHO H. R. 1 WILL BENEFIT

H. R. 1 will help the foreign producer and work injury on the American producer here at home.

The foreign producer, as Willaim McKinley told the 50th Congress, "has no right or claim to equality with our own. He is not amenable to our laws. He performs no civil duties—he is subject to no demands for military service. He is exempt from State, county, and municipal obligations. He contributes nothing to the support, the progress and the glory of the Nation."

GATT grants the foreign producer not equality, but superiority over his American competitor.

H. R. 1 will enable GATT to continue that discrimination, and will continue the subservience of our National Government to an international authority sitting in Geneva, in which no American producer has a voice, and over which the Congress has no vestige of control.

For the above reasons; for the reason that my home State of Nevada and the States of California, Utah, and Idaho have passed resolutions opposing H. R. 1, and for the reasons advanced by the many industry and labor organizations, spokesmen, and leaders who have testified before the Senate Finance Committee or have written or telegraphed me in opposition to H. R. 1, I oppose H. R. 1 and any extension of the 1934 Trade Agreements Act.

I do so with the full conviction that the continuation of the act by H. R. 1 is adverse to the interests of the United States, its industries, and its people.

ONE-WORLD WAGE AND LIVING STANDARD FREE-TRADERS GOAL

Mr. MALONE. Mr. President, the General Agreement on Tariffs and Trade, the International Trade Organization, the Organization for Cooperation, and so forth, can lead only to a one-world wage and a one-world living standard, with 160 million Americans sharing their savings and earnings with the other 3¼ billion other persons of the globe.

That is what we are headed for if we continue to support every free-trade and one-world scheme to share our wealth, our resources, and our markets with the rest of the world. Our own living standards will be reduced to the world average, if 160 million Americans continue to pour their wealth and resources into the pot with 3¼ million other people. Anyone who tries to think that through will see the result.

I again say that the principle of reciprocal trade as enunciated, first, by George Washington, then by Lincoln, and later by McKinley, was on a basis of equality. It can be no other way. It presupposes equal living standards such as the 48 States hoped to and did bring about through free trade among themselves. It was necessary in that case because of the one-nation organization.

But to adopt that principle and say that we intend to bring up the living standards of more than 3 billion other people with the resources of 160 million Americans, is simply the echo of a mental aberration which lasted two decades, and is still continuing to a certain extent.

CHOICE IS BETWEEN PRESERVING OUR STANDARDS OR LOWERING THEM TO WORLD LEVEL

Of course, everyone would like to see the living standards of the whole world

raised; but as things stand today, we must make our choice. We must make up our minds whether we intend to maintain our own standard of living while we assist foreign nations to raise theirs through a flexible duty or tariff, as we have come to call it, operated under the Constitution of the United States, through the Tariff Commission, an agent of Congress, which can lower tariffs or duties as the Nation's chief competitive nation on each product raises its living standards; or whether we are going to throw everything into the same pot and mix it up at one time. That is what we must make up our minds about now.

What did President McKinley say on this particular point? He said, and I quote:

Free trade in the United States is founded upon a community of equalities and reciprocities. It is like the unrestrained freedom and reciprocal relations and obligations of a family. Here we are one country, one language, one allegiance, one standard of citizenship, one flag, one Constitution, one Nation, one destiny.

It is otherwise with foreign nations, each a separate organism, a distinct and independent political society, organized for its own, to protect its own, and work out its own destiny.

We deny to those foreign nations free trade with us upon equal terms with our own producers. The foreign producer has no right or claim to equality with our own. He is not amenable to our laws. There are resulting upon him none of the obligations of citizenship. He pays no taxes. He performs no civil duties—he is subject to no demands for military service. He is exempt from State, county, and municipal obligations. He contributes nothing to the support, the progress, and glory of the Nation.

Why should he enjoy unrestrained equal privileges and profits in our markets with our producers, our labor, and our taxpayers?

AMERICAN FLAG SHOULD ALWAYS FLY ABOVE ALL OTHERS

That is what we are and what we have today, Mr. President; I hope it will continue to be so.

Mr. President, Congress passed an act that the American flag should fly above all other flags. A century ago, or two generations ago, we would have been considered crazy to have thought it necessary for Congress to pass an act that the American flag should fly above all other flags. But we are proving every day in the Senate that anything can happen in this country.

ADOPTION OF CONFERENCE REPORT MEANS FURTHER DIVISION OF WEALTH AND MARKETS

In closing, I would only say that with the adoption of the conference report this afternoon, we will have made the decision to divide the wealth of our own country, the United States, with that of the world, through the most-favored-nation clause and through the GATT—General Agreement on Tariffs and Trade—and multilateral trade treaties which have never been submitted to the Senate for approval, and never will be unless Congress comes to its senses and reverses its course.

It is my firm opinion that while the adoption of the conference report and the signing of the act by the President will extend the Trade Agreements Act for 3 years, nevertheless, long before

that time Congress will again take up the question, because the people of the Nation are awakening. They are beginning to understand that they can no longer depend upon a subservient Congress to carry out their will.

ORDER FOR RECESS TO 10 O'CLOCK TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today it stand in recess until 10 o'clock tomorrow morning.

Mr. LANGER. Mr. President, I did not hear the request.

Mr. JOHNSON of Texas. I have asked unanimous consent that when the Senate concludes its business today, it stand in recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). Without objection, it is so ordered.

STATUS OF VISA APPLICATIONS UNDER THE REFUGEE RELIEF ACT OF 1953

Mr. LANGER. Mr. President, as chairman of the subcommittee on refugees, escapees, and expellees, I am again presenting the figures from the Department of State statistical report dated June 10, 1955, showing the most recent figures of the status of visa applications under the Refugee Relief Act of 1953, Public Law 203, 83d Congress.

On June 3, when I made my report, I was delighted to tell the Senate that 1,267 visas had been issued between the period May 20 to May 27. The figures I am going to give now cover the period May 27 to June 10. During that period a total of 2,040 visas have been issued. This is at the rate of 1,020 per week. From this figure it must be inferred that either the assurances are not coming in fast enough or else the State Department is not processing these applications at the same rate of speed as during the preceding period. The report date June 10, 1955, shows the distribution of the 33,959 visas issued as follows:

	Total issued
Italy.....	10,737
Greece.....	5,647
Netherlands.....	568
Germany.....	2,809
Austria.....	2,792
Far East.....	841
Others.....	65

I realize that it is always of interest to know how many of these 33,959 persons have actually taken advantage of the privilege of coming to the United States, and I am told that as of June 10, 1955, 22,478 persons have actually been admitted to the United States.

The law provides for the admission of 214,000. That law has only another year and a half left to run. So far, only 22,478 persons have actually been admitted.

Taking up the matter of orphans, under the provisions of Public Law 203, 4,000 orphans may be admitted. As of June 10, 1,124 orphan visas have been issued and 760 orphans have actually

found homes with their adoptive parents in the United States.

It is quite obvious from the report that unless there is a marked change in getting persons to come into the United States, even though visas have been issued, sooner or later a request will be made for an extension of the act, because at the present rate the 214,000 will not come in before the act expires.

TRADE AGREEMENTS EXTENSION ACT OF 1955—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The Senator from South Carolina is recognized.

Mr. JOHNSTON of South Carolina. Mr. President, the textile workers of the South will long remember Geneva, Switzerland, June 8, 1955, as infamous, as we all remember Pearl Harbor, December 7, 1941.

June 8, 1955, Mr. President, is the day the great Eisenhower giveaway administration sold the American textile industry and its thousands of workers down the river, and gave the Japanese textile industrialists a stranglehold on the American cotton textile market.

By signing the Japanese Trade Agreement, the one-world enthusiasts of the State Department, at the direction of the President, paved the way for the destruction of the entire American textile industry. But, especially, they paved the road to destroy the textile industry in the South.

Once again, Mr. President, the Republican high command has ridden herd over the South, and has stabbed the textile workers in the back. In previous history, the Republicans imposed high tariffs to prevent the South from building up any trade or developing any industry. Today, now that we have industry, the administration is imposing low tariffs designed to destroy the southern textile jobs and industries which we have worked so hard to build up over the past 50 years.

And for whom, and for what? It is not to help anyone at home. New England, the other principal textile area of this Nation, is hurt by the Japanese agreement almost as much as the South.

Mr. President, it is for a foreign government, a government which was at war with us only 12 years ago. There are southern workers in southern textile industries who fought the very nation to whom we have been sold down the river by the Eisenhower State Department.

Think of it, Mr. President. There will be southern textile workers who fought for this country in World War II who will now lose their jobs because the Eisenhower administration has agreed to let the Japanese flood our American market with their cheap textile products.

The men who were once behind the guns may soon be in front of the unemployment compensation windows.

The Japanese agreement, which was signed on June 8, came in the waning hours of the life of the old Reciprocal Trade Act—one which Congress last year reluctantly extended for 1 year.

I should like to call to the attention of the Senate at this time the fact that when the bill was before the Senate, my colleague at that time, the late Senator Maybank, and I both raised the question in regard to the proposed 50-percent reduction in the tariff on textiles at that particular conference in Geneva. We tried to get the reduction cut to one-third of that amount—16 $\frac{2}{3}$ —but lost on a rollcall vote. Thirty-four Senators voted for the amendment. I am glad to say that the Senator now presiding over the Senate [Mr. HOLLAND] voted with us on that amendment.

The President's State Department, when it signed the Japanese agreement last week, 3 days before the law expired, knew well the intent of Congress. By our action on this very floor, Mr. President, we let it be known that we wanted no authority to be given to any departmental bureaucrats to reduce our tariffs any more than 15 percent over a 3-year period.

But in the late hours of a hurried foreign conference to beat the gun and congressional intent, Eisenhower's tariff experts agreed to a 50-percent reduction in one fell swoop.

Mr. President, under the law used by the Eisenhower administration to reach the Japanese agreement, the President of the United States was authorized to direct the State Department to negotiate such treaties.

Mr. John Foster Dulles is President Eisenhower's Secretary of State. He told his State Department staff at Geneva what to sign and what not to sign. The President knew what was going on. He naively told Congress a few short weeks ago that he had no intention of taking any action to hurt any American industry, and then he blandly directed the signing of the Japanese giveaway agreement.

Mr. President and Senators, it is obvious who is to blame for this Japanese Treaty—a treaty which was entered into without any vote by the Senate, but which has been criticized so much on the floor. It is obvious who is to blame for this sellout of the American textile industry. It is Dwight D. Eisenhower, President of the United States, who directed the entire Geneva fiasco.

This Geneva Conference—this Japanese agreement, or reciprocal trade agreement, or what have you—has granted the Japanese textile industry an additional 1 $\frac{1}{2}$ cent a yard preference over the American industry on the American market. It affects over 80 percent of everything manufactured by the American textile industry, nearly 90 percent of everything manufactured by the southern textile workers, and nearly 100 percent of everything manufactured by the textile workers of my State, South Carolina.

Mr. President, during the past few days, while this bill (H. R. 1) for renewal

of the reciprocal trade agreements legislation has been under consideration by the conference committee, the announcement of the Japanese trade agreement has created a major crisis in the operations and programs of the textile industry of the United States. I repeat, Mr. President, that while Congress was deliberating on H. R. 1, and while efforts were being made to strengthen the new bill with certain vitally needed safeguards for the protection of important American industries which are particularly vulnerable to coolie-wage foreign competition, even at that time, the Geneva negotiations were in progress. At that time, no one outside the State Department had any way of knowing what the Geneva decisions would be.

This is one of the basic reasons why I shall oppose H. R. 1 and all proposed legislation like it. I think the time has come for Congress to insist on exercising its authority and what I think to be its obligation—that is, Mr. President, to renew its constitutional responsibility of voting its approval or disapproval of proposed foreign trade and economic agreements.

While the Geneva negotiations were in progress, Mr. President, we of the Congress—especially those of us who represent regions where textile manufacturing is the mainstay of the local economic and social structure—did have two important assurances: We knew that thousands of men and women and the business and civic leadership of our regions demanded equitable treatment for the textile industry, in order to prevent further losses of markets, further losses of income, and further losses of mill employment. We also knew that from the White House itself had come positive assurance that no American industry would be placed in jeopardy as a result of the trade-agreement negotiations.

Despite the will of the countless American people, despite the wishes of many Members of this Congress, and in spite of the pledge publicly made by the White House, the worst happened at Geneva, Mr. President. In secret proceedings, to which the White House delegates were a party, the Geneva Conference decreed tariff reductions which strike a crippling blow at the textile industry and threaten the job security of 1,250,000 textile workers. The worst, Mr. President—the impossible—has happened.

In making public the Geneva agreement, the State Department stated that moderate textile tariff concessions were granted on some carefully selected items. The fact is, Mr. President, that those carefully selected items cover a great majority of the textile industry's output; and the severity of the tariff cuts is anything but moderate. Carefully selected they were, indeed—by the White House freetrading administration. Mr. President, I am not surprised. It seems that our State Department looks after the welfare of everyone but the people of the United States.

Here is only one example of what was done: Tariff reductions of 48 percent were imposed on the entire range of fabrics made from yarns, in numbers from

thirties to fifties. That range of fabrics includes printcloths—the basic, bread-and-butter production of most textile mills in my State of South Carolina. In fact, Mr. President, 60 percent of the Nation's production of printcloth is manufactured in South Carolina. Mr. President, I repeat that 60 percent of the Nation's production of printcloth is manufactured in South Carolina. The range also includes many kinds of broadcloths, twills—such as are used for military uniforms—poplins, oxfords, and so on—types of cloth from which are drawn the fabric material that clothes a good three-quarters of all the people in the United States.

The Geneva tariff reductions on these standard staple goods are so drastic, Mr. President, as to be actually greater than the average net profit margin of South Carolina mills producing those fabrics.

Let me point out again, Mr. President, that it will be found that in 1950 the textile industry was, on the average, making a profit of 5 percent, after taxes. But in 1954, the danger point had been reached, for the industry was then reduced to an average profit of 1 percent, after taxes. So we can readily see what the program now coming on will mean to the United States textile industry.

I am told that in terms of actual prices, the duty reductions on these basic cloth constructions amount to from three-quarters of a cent to 1 $\frac{1}{2}$ cents a yard. This fact raises an impossible problem in an industry in which only one-eighth of a cent a yard in price generally makes the difference between sales and no business, between orders and idle mills, between profits and losses.

Keep in mind, Mr. President, that these devastating tariff reductions were imposed for the direct benefit of the textile industry of Japan. This was the intention, and was so stated publicly. The unthinkable thing about it is that the very products we are talking about—the great basic fabrics which represent by far the largest volume of manufacturing operations in the textile industry, those in South Carolina included—are the same types which Japan is now shipping in increasing amounts to the United States.

As we consider putting this measure to a vote, Mr. President, let all of us be sure of what we are doing. What has happened to the textile industry, which can very well lead to consequences disastrous beyond calculation, is a very painful and ugly example of what we are being asked to sanction in the future—without recourse or control—if this measure is enacted.

I know that some will say there would be a possible recourse if the textile industry were suddenly to crash into a depression. That recourse, it is argued, is the escape clause and peril-point provision of the law. This provision may give relief in the long run. But what will happen in the intervening months during the escape-clause proceedings? What will happen, Mr. President, to the thousands and thousands of textile workers who will be unemployed? What will happen to our shutdown textile mills?

Some volunteered; others would be pressed into service because of their qualifications.

Another 117,360 are "certified" employees of private industry, most of them in transportation, who volunteered and would perform duties similar to their present ones.

Of the remaining 264,839, more than 120,000 are untrained. About 30,000 are in training. Fewer than 100,000 are considered fully qualified to perform their tasks. Some of the 120,000, however, are doctors, nurses, clergymen, and other professionals whose defense "training" might be no more than an orientation.

Boy Scouts are used for messenger duty at borough and district control centers during tests and exercises.

Among the most highly trained nonprofessional persons are auxiliary police, firemen, rescue, Ground Observer Corps, and communications volunteers. The first three groups and air-raid wardens have uniforms that they bought themselves.

For them and the rest of the un-uniformed volunteers, the city purchased surplus Army helmet liners and painted them distinctive colors for each corps.

Interest in training may be heightened as the result of a new State law that permits, for the first time, the use of civil defense forces in a natural disaster. They may go into action if requested by local executives or sheriffs.

STATE-CITY LIAISON GOOD

But the picture is not all dismal.

Cooperation between the city and State Civil Defense officials is good. Lieut. Gen. Clarence E. Huebner (retired), State director, has his office in the city. He works closely with the local group.

His authority, now principally in planning and coordination, would change in an emergency to direct operational control of all civil defense forces, under the command of the governor and the State Civil Defense Commission.

In addition, there is close liaison with the National Guard. Civil defense officials and military men have eliminated duplication of work. They have decided on what functions each group will have in an emergency.

There is a possibility, now under discussion, that National Guard troop units will be assigned directly to civil defense chiefs for duty.

Relations with adjacent area and the seven support-counties also are cordial. There was a misunderstanding recently over the closing of Westchester highways to all but civil defense vehicles in an attack. Signs on main arteries inform passing motorists that this will be done.

GOVERNORS TO COOPERATE

State officials said that if they ordered an evacuation, all vehicles taking part automatically would become civil defense vehicles. The signs designating main roads as civil defense routes will remain, they added, to give them better control over such traffic.

Another bright spot is that a staff on evacuation planning has been made with the Crittenger report.

The Governors of New York, New Jersey, and Connecticut have pledged mutual support and aid in this field. They have joined in a request for Federal funds to complete plans. An estimated \$300,000 to \$500,000 would be required for New York City alone.

The Crittenger Report warning that the scope of such a plan is huge and the measures required are many and complex, holds, nonetheless:

"It would appear practicable to spare a very large proportion of the city's population from blast fire, and the most serious effects of radiation, if heroic plans and measures for evacuation are adopted in time."

Indoctrinating the public to the idea of leaving the city, instead of seeking shelter,

is only one of the problems. But officials hold that shelter tests have received cooperation and have been successful.

This would indicate that New Yorkers have learned to respond to civil-defense instructions, and that they could be taught the new method of violating the effects of the hydrogen bomb—by evacuation.

CAPITAL UNREADY TO FACE BOMBING—MUDDLE REFLECTS CONGRESS' APATHY—GOVERNMENT ITSELF IS PREPARED FOR FLIGHT

(By Anthony Leviero)

WASHINGTON, June 12.—The National Capital is a model of the muddle in civil defense planning.

As a city without home rule, Washington reflects the general indifference of Congress to civil defense. Before it could complete its plans for coping with an attack by an atomic bomb, the Capital was overtaken by the problems posed by the infinitely more powerful hydrogen weapon.

Now, with the Federal Civil Defense Administration, the local civil defense organization is seeking needed legislation. Congressional interest has been aroused somewhat since the report last February on hydrogen bomb fallout. But civil defense officials are not sanguine about the chances of getting before Congress adjourns all the legislation and funds they feel they need.

On civil defense, Congress seems to act as if it had as much immunity from atomic destruction as from traffic tickets.

It never has participated in a civil defense test. It plans to take no active part in the national test from Wednesday to Friday. In this, 15,000 key officials and employees, including the President, will evacuate the Capital.

CONGRESS TO STAY BEHIND

Officials and employees of all the major Government departments will move to prepared, secret bases within a radius of 300 miles of the capital.

Congress, however, will remain, legislating. It has no place to go in an attack.

The Office of Defense Mobilization is seeking a remote place in which the 96 Senators and 435 Representatives, as well as their sizable staffs, could carry on their constitutional duties. There has been some speculation that a huge resort hotel would be selected. The fact remains, however, that if war broke out today Congress would scatter to the winds with no predetermined meeting place.

Congress has been laggard also in assuring its own succession if it suffered numerous casualties. The Senate has passed a proposed constitutional amendment providing that when vacancies occur in more than half the seats of the House of Representatives, the governors of the States involved would be authorized to appoint Members within 60 days. These appointed Members would serve until the vacancies were filled by election.

Governors now have the power to appoint Senators when a vacancy occurs.

A PLAN FOR GOVERNMENT

The House resolution is pending in a subcommittee of the Judiciary Committee. No hearings on it have been scheduled. The House is jealous of its prerogatives and probably will pay no attention to the problem unless one of its own Members introduces the proposed amendment.

What many consider the best dispersal and evacuation plan in the country is the one worked out by the Office of Defense Mobilization for the Government. This plan is separate from the population of the Capital. This city is in the same dilemma as many other cities that are trying to plan mass evacuations.

This Government dispersal plan will get a comparatively severe test beginning Wednesday. The 15,000 selected persons must go to new austerity offices.

For a widely scattered Government the communications system is necessarily complex. It includes teletype and telephone lines that bypass Washington and connect with the secret White House refuge to which the President will repair.

Microwave radio and closed-circuit television are integrated in the system. The closed-circuit television system is linked to commercial television cables. It would enable the President to address the country. He already has tested this circuit in conversations with members of his staff.

The Defense Department would have the crucial task of marshaling the Armed Forces in an attack. It would disperse to more than a score of secret control centers. The chief one is the command post in a mountain near Thurmont, Md.

NO PLAN FOR CAPITAL

This picture of a developed Government dispersal plan is in contrast with the situation of the Capital unrelated to the Federal Government.

"We have no detailed evacuation plan for the District of Columbia," said Col. John E. Fondahl, a Marine Corps Reserve officer, who is Director of Civil Defense for the Capital.

He explained that last year, after getting fairly authentic data on fallout, his organization had changed its basic concept from shelter to flight.

Until the significance of a hydrogen bomb fallout of 7,000 square miles was realized, the Capital thought of developing shelters as the main civil defense measure.

In seeking to solve its problems both under the old and the revised concept, Washington had a dilemma similar to that of many cities.

It had to struggle against the indifference and inertia of Congress and of the public itself. In seeking to designate shelter areas, the owners of large buildings here refused to cooperate on the ground that if anybody were injured in the premises the owners would be subject to damages.

A few buildings designated basements as shelters, Colonel Fondahl added, but only for employees on the premises.

As Colonel Fondahl discussed the situation in a recent interview, a siren wailed. He explained that the organization was testing a new warning signal. At three sites, he said, it was necessary to place sirens atop towers so that they could be heard, but nearby residents objected.

Then the organization has been handicapped in training its fire and police auxiliary volunteers. The three Commissioners who govern the District under the District of Columbia Committees of the House and Senate have refused to permit these volunteers to engage in training exercises on the city streets. Like the building owners, the Commissioners did not want the Capital to become liable for damages if a volunteer were injured.

In pending legislation, the Commissioners are seeking a provision to cover volunteers under the Workmen's Compensation Act.

So the civil defense situation in the Capital illuminates the civil defense problem of the Nation as a whole. It is hobbled by the public's lack of understanding of the need for it and by a lack of clear legal authority.

It lacks the cohesion and strength of the British system. There the permanent positions are equated with military service. Real authority and command runs from a national control center down through regional, zone, and local levels.

FLIGHT POLICY IS DOUBTED

Under present law, the District's Commissioners could be invested with emergency

powers only if a national emergency were declared. They now are seeking from Congress emergency powers that would authorize them, among other things, to order the city's evacuation.

In hearings on this legislation, Representative OLIN E. TEAGUE, chairman of the Civil Defense Subcommittee of the House District of Columbia Committee, has raised doubts on the practicability of evacuation. He has suggested further consideration of shelter.

The Texas Democrat may have in mind that it takes as much as 40 minutes to get from downtown Washington and across one of the bridges into Virginia during the rush hour. He probably also has noted how the city becomes almost paralyzed after a 2-inch snowfall.

But Colonel Fondahl points out that in a civil defense evacuation, movement would be virtually all outward. No cross-traffic would be permitted on the 73 traffic lanes out of the city.

If "strategic" information of a possible attack were received, it would be possible to get Congress and key Government officials and employees out on trains and automobiles ahead of the general population.

But if the first warning was sudden by siren, Congress and the Government officials would have to take their chances in the general evacuation.

The capital occupies only 10 square miles. Thus its whole area would be vulnerable to heavy damage. Virtually all occupants, except possibly some on the perimeter in good shelters, would be expected to leave.

The capital's control system is still based on old-fashioned World War II conditions. Its control center is only 2 miles from 11th and E Streets NW., the heaviest population center and assumed enemy aiming point.

Its headquarters is in a 1-story frame and stucco building about 4 miles away. So a bus is being converted rapidly into a mobile control center that could move 16 to 20 miles out and supervise operations.

Like the Federal Civil Defense Administration, the capital's civil defense organization has not fared well with its budget requests to Congress. The House has been more hostile than the Senate. A kinder attitude, however, has been taken under Mr. Teague's leadership.

The requests, nevertheless, still are being slashed. The House this year cut the \$154,000 request to \$75,000. This is pending in the Senate.

CAPITOL PLAN INCOMPLETE

Last year \$208,000 was requested. The House cut this to \$75,000, but the ultimate figure was \$150,000. Two years ago the House cut a \$200,000 request to \$23,000. Under Senate influence the final figure was \$90,000.

At the Capitol, J. George Stewart, Capitol Architect, who has been designated coordinator of civil defense for Congress, refused to discuss the plan for Members.

Such a plan exists, he said, but it will not be quite completed until after this week's tests. Mr. Stewart said he had no idea yet where Congress would evacuate in an attack. He noted, however, that the railroad station was close to the Capitol.

TRADE AGREEMENTS EXTENSION ACT OF 1955—CONFERENCE REPORT

During the delivery of Mr. HUMPHREY's speech:

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1) to extend the authority of the President to enter into

trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. CARLSON. Mr. President, before the Senate takes final action on the conference report, I call the attention of the chairman of the Committee on Finance to amendment No. 28 in the report. I notice that the language has been changed somewhat from the way in which the committee reported the bill and also from the way in which the bill passed the Senate. I read the amendment as it was approved by the Senate:

Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

May I ask the chairman of the Committee on Finance if the bill as reported by the committee and as passed by the Senate did not contain the word "materially."

Mr. BYRD. The Senator is correct. The word "materially" was used. But after considerable discussion in the conference, it was felt by the conferees that the words "contributed substantially" would perhaps better serve the purposes of clarification, without changing the actual meaning of the provision.

Mr. CARLSON. As I understand, then, it is the thought at least of the chairman of the committee, and also, I have no doubt, of the other members of the committee of conference that while the word was changed from "materially" to "substantially", it is not believed that it changes the meaning and intent of, at least, the Committee on Finance.

Mr. BYRD. That was the understanding of the conferees. It is merely a change of the word "materially" to "substantially."

Mr. CARLSON. With that understanding, I now ask unanimous consent, Mr. President, to have printed at this point in the RECORD, as a part of my remarks, a letter dated June 3, 1955, from Walter S. Hallanan, transmitting a report on import quotas on oil; a letter dated June 3, 1955, from the Kansas Independent Oil & Gas Association, signed by Tom Orr, executive secretary; and a statement made by George H. Bruce before the Kansas State Corporation Commission on the subject of our oil problems.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

JUNE 3, 1955.

Hon. FRANK CARLSON,
United States Senate,
Washington, D. C.

DEAR SENATOR CARLSON: The enclosed report gives the latest information on crude-oil imports for the week ending May 27, 1955—a total of 1,384,900 barrels as compared with 1,047,800 for the week ending May 20, 1955.

This is one of the highest figures on imports that we have experienced up to this time.

Sincerely yours,
WALTER S. HALLANAN.

[From Platt's Oilgram News Service of June 3, 1955]

IMPORTS TURN UPWARD

NEW YORK, June 2.—Total United States imports of crude and products in 4 weeks ended May 27 averaged 41,900 barrels more than during 4 weeks ended April 29, API reports.

East of California imports were up 51,000 barrels, while California imports were down 9,100 barrels.

Current figures include 56,700 barrels to cover nonreporting companies, all east of California. They do not include rate provision No. 16 (military and other Government agencies) receipts, which averaged 37,000 barrels during January, February, and March.

[Barrels per day]

	Week ended May 27	Week ended May 20	4 weeks ended May 27
East of California:			
Crude oil.....	866,500	654,100	665,000
Residual fuel oil.....	375,300	320,200	343,300
Distillate fuel oil.....	6,400	4,700	4,100
Asphalt.....	24,300	6,800	12,900
Others.....	20,800		14,700
Total.....	1,293,300	985,800	1,040,000
California:			
Crude oil.....	91,600	62,000	85,300
Products.....			
Total.....	91,600	62,000	85,300
United States:			
Crude oil.....	958,100	716,100	750,300
Products.....	426,800	331,700	375,000
Total.....	1,384,900	1,047,800	1,125,300

KANSAS INDEPENDENT

OIL & GAS ASSOCIATION,

Wichita, Kans., June 3, 1955.

Hon. FRANK CARLSON,

United States Senator,

Senate Office Building,

Washington, D. C.

DEAR SENATOR CARLSON: The announcement by Chairman Arthur Flemming, Director of the Office of Defense Mobilization, that the President's Cabinet Committee On Fuels Policy will reconvene for another look at the general situation has been received with considerable interest here in Kansas. Those of us who are most seriously concerned with the problem of excessive oil imports feel that every shred of evidence of harm to our domestic economy and national defense deserves to be brought to the attention of the administration in Washington.

Such additional factual information of current concern to the Flemming committee is the recent announcement by the Sohio Petroleum Co. that its field price for Kansas crude oil is to be cut by 15 cents per barrel effective June 1, 1955.

This reduction in crude price is a serious threat to the posted field prices for crude throughout the entire midcontinent area, in that it will present the unhealthy existence of two field prices, standing side by side on adjoining leases, which eventually will result in first one company, then another, following Sohio's lead.

As this unwarranted price cut is taking its economic toll in Kansas, Sohio proudly announces to its stockholders that the company has "taken the initial steps to acquire an interest in the Iranian Consortium which now holds the crude oil production, refining, and export rights in Iran."

The domestic oil industry surely has a right to expect the Flemming Committee to make inquiry into this situation which presents the peculiar picture of a major oil company depressing the posted field price for domestic crude on the one hand, while grasping for cheap foreign reserves on the other.

How can this Nation expect its oil industry to remain strong and vigilant in its capacity to fuel our emergency requirements without some reasonable limitation upon the excessive importation of foreign oil?

Enclosed is a copy of a statement made by Mr. George H. Bruce before the Kansas Corporation Commission at its last hearing on oil proration. Mr. Bruce directs his remarks to the Sohio decision.

I respectfully ask your personal aid in bringing this matter to the attention of the President's Committee on Fuels Policy.

With best personal regards, and our continued appreciation of your yeoman service in behalf of all Kansas, I remain,

Sincerely yours,

TOM ORR,
Executive Secretary.

Mr. Chairman, Mr. Director, members of the State corporation commission and gentlemen; my name is George H. Bruce, president of Aladin Petroleum Corp., Wichita, Kans.

You would be shocked if it were announced that one of the important purchasers of crude oil in the State of Kansas contemplated running 5 percent of the oil which they purchase into ditches by the side of the road effective on June 1. This would clearly constitute physical waste and I am certain that this Commission would promptly issue an order prohibiting such action.

The reduction as announced by the Sohio Petroleum Co. of 15 cents a barrel on the oil which they are purchasing in Kansas effective June 1, in my opinion, as flagrantly constitutes waste of a similar nature, that is, economic waste.

This is a rank and thoughtless discrimination against the producers of crude oil within the State of Kansas and is a storm warning to all of the other crude oil producers in the entire United States. There is no justification for such action judged either on a basis of industry statistics or on a basis of Sohio Oil Co.'s published earning statement and certainly not on any basis which considers the cost of finding, developing, and producing crude oil.

I would like, at this point, to give you some industry statistics.

In terms of days' supply of crude oil, the industry is at the lowest point of inventories it has been as of April in the past 6 years. I quote as follows:

	Days
April 1950.....	38
April 1951.....	34
April 1952.....	36
April 1953.....	35
April 1954.....	38
April 1955.....	33

In terms of products, the days' supply is as follows for the same period of time:

	Days
April 1950.....	48
April 1951.....	48
April 1952.....	47
April 1953.....	47
April 1954.....	54
April 1955.....	52

Thus, the total overall crude and products in terms of days' supply for this period is as follows:

	Days
April 1950.....	86
April 1951.....	82
April 1952.....	82
April 1953.....	82
April 1954.....	90
April 1955.....	86

It is true that volumewise stocks are up modestly. Again I quote as of May 14:

	Production (barrels)	Increase or decrease (barrels)	Increase or decrease (percent)
Crude oil.....	278,208,000	+4,284,000	+1.6
Gasoline.....	171,134,000	-4,616,000	-2.6
Distillate.....	72,710,000	+7,179,000	+10.9
Kerosene.....	22,951,000	+1,361,000	+6.3
Residual.....	44,161,000	-835,000	-1.9
Total stocks.....	589,164,000	+7,373,000	+1.3
Refinery runs.....	7,661,000	+41,000	+6

However, petroleum demand for both domestic and export is predicted by all of the individual companies and all of the statistical agencies to be considerably higher in 1955 than in 1954 and a generally accepted figure is that the total anticipated consumptive demand for 1955 will be approximately 5 percent higher than it was in 1954. The United States Bureau of Mines report a 7.4 percent increase in consumptive demand for the first quarter of 1955.

For Sohio Oil Co. to justify such a reduction by their own company earning statement is indeed difficult to understand in view of the fact that their earnings for the first quarter of 1955 are 36.3 greater than for the first quarter of 1954. An average net profit of 36 oil companies for the first quarter of 1955 showed an increase of 9.8 percent. In other words, the Standard Oil Company of Ohio's earnings are up almost four times the average for the 36 listed firms. It is interesting to note that in this list of firms which have an average increase of 9.8 percent the first quarter of 1955 over the first quarter of 1954 there are many, in fact, most of the principal purchasers of crude oil in the State of Kansas such as Anderson-Prichard, Cities Service, Continental Oil, Gulf Oil, Lion Oil, Phillips Petroleum, Shell Oil, Sinclair, Standard of Indiana, Texas Co., Skelly, and others.

If the Commission would care for me to do so, I would be very glad to read into the RECORD the comparative earnings of each of these companies named. I make this point simply to illustrate to you that other companies who are purchasing oil in the State of Kansas have not experienced the same percentage increase in earnings in the first quarter of 1955 compared to the first quarter of 1954 as the Standard Oil Company of Ohio and nevertheless they have accompanied their nominations for the purchase of crude oil in the State of Kansas with a posted market of \$2.90 per barrel as contrasted with Sohio's posting of \$2.75 per barrel.

The Standard Oil Company of Ohio know all too well that there is no justification for the action which they have taken if judged in the light of the cost of finding, developing and producing crude oil. A four-year survey of this company's costs indicates that a \$91 million capital expenditure resulted in a net cost of \$16,200 per daily barrel of produced crude oil.

It is thus wondered if Sohio's action is taken with a hidden motive that to my mind is a disastrous one for the producers of crude oil in the domestic petroleum industry of the United States. As I view the picture, there is a constant encroachment of imported crude and products which are undoubtedly being offered in certain trade territory of the Standard of Ohio, the products probably at slightly lower prices than the products from domestic crude and undoubtedly foreign crude is being offered for sale to the Standard Oil Company of Ohio at price below domestic production and one wonders if this company is contemplating embarking on a program of purchasing foreign oil.

The Sohio Oil Co. is a large purchaser, refiner and marketer of crude oil, refining and

marketing in excess of 120,000 barrels daily as contrasted with a net production of approximately 30,000 barrels daily. Their four refineries, located in Cleveland, Toledo, and Lima, Ohio, and Covington, Ky., are all strategically situated and interconnected by pipelines and they are supplying approximately one-quarter of the gasoline bought in the State of Ohio.

This company has had a remarkable growth in the past 10 years growing from gross sales of \$124.9 million in 1945 to \$304.4 million in 1954. In this same 10 year period their net income has increased from \$3.7 million to \$18.5 million and their per share earnings have increased from \$1.10 per share in 1945 to \$4.41 per share in 1954. In a press release of May 24, it is reported that their earnings for the first 3 months of this year amounted to \$6,079,843, equal to \$1.46 a common share, compared with \$4,460,935, or \$1.06 a share, in the comparable first quarter of a year ago. Sales and operating revenues rose to \$81,161,120 from \$75,227,667 a year ago.

It is difficult to reconcile this impressive growth and earning record with any reason for this action on the part of Sohio unless this is a trial balloon to see how the crude oil producers and public officials will react toward a general readjustment of the domestic crude oil market. Certainly there is no one so naive as to believe a readjustment of the Kansas crude oil market can be made by one purchaser and not be followed eventually by all other purchasers, this in turn spreading to a readjustment of markets in Oklahoma, Texas, New Mexico, yes, the entire United States domestic crude oil procuring areas. This could lead to a considerably greater adjustment than this initial small bonfire in the plains of Kansas and eventually lead to disaster in all the oil producing States creating the greatest conceivable economic waste to all the individuals and companies engaged in the production of oil and to the economics of all the counties and States in which crude oil production pays and plays so great a part.

I am fully aware that there are those engaged primarily in the refining and marketing of petroleum and with only a very modest interest of the welfare of the production of crude oil who believe that the way to combat imports of cheap foreign oil and foreign oil products is to depress the domestic petroleum market and slug it out with the importers. I have been in the oil business, interested only in one phase of the business and that is the finding, developing, and producing of crude oil and selling same at the posted market price for some 31 years. Oil has gone from \$3 a barrel to 10 cents a barrel in that period and finally back to its present posted market of \$2.90 for top gravity oil. This was achieved only after a long uphill fight demonstrating a necessity for adequate markets to stimulate the search for new reserves at ever-increasing costs of doing so. The domestic oil industry cannot compete with cheap foreign imports without bankrupting all of those engaged in the industry except possibly those interested only in refining and marketing and such a policy would eventually engulf those who think they could gain. Indeed such a policy could be the spark that set in motion a real business recession.

This is a dismal picture and an alarming one, but gives you a glimpse of what could be precipitated by this action of Sohio's in utter disregard of their responsibility to the petroleum economy of the State of Kansas. My concern could not be greater unless it were one of immediate greater proportions which I think could follow unless this commission takes prompt notice and action. The eyes of the entire domestic oil industry are focused on this situation.

It is my recommendation to you, Mr. Commissioner, and members of the corporation commission, that you promptly take action. You have several courses open to you. You could recommend or suggest to the other crude oil purchasers of Kansas to buy the oil which Sohio has been buying from outside connections. It is my understanding that Sohio purchases 7,300 plus or minus barrels in Kansas of which 4,000 barrels daily is company-owned oil. Thus a reduction in this company-owned oil is simply a matter of bookkeeping, taking away from the production division and giving to the refining division or taking from one pocket and putting into the other pocket. The remaining 3,300 plus or minus barrels is purchased from many independent producers in Kansas. A suggestion or recommendation or, if need be, an order from this commission to the other purchasers that they purchase this 3,300 plus or minus barrels daily would effectively relieve Sohio and take them out of Kansas as a purchaser of crude oil. We are operating this month under a 25,000 barrels a day reduction in allowables and there will possibly be a similar reduction for the month of June. Certainly the 3,300 plus barrels can be absorbed and, if not, a reduction could be worked out by those companies taking this 3,300 barrels. This commission will be taking a constructive step not only in the best interests of Kansas, but of the entire domestic petroleum industry by realizing the important significance of this matter and exercising its authority to prevent economic waste of our State's most important mineral resource—crude petroleum.

I want to apologize for the length of this statement.

Mr. JOHNSON of Texas. Mr. President, I should like to have action concluded on the conference report. It is my understanding that the Senator from Illinois [Mr. DOUGLAS] wished to be notified when the debate on the Commerce Department appropriation bill was resumed. But in view of the understanding with his staff, I suggest that the Senator

from Minnesota proceed with his speech, and I will see if the Senator from Illinois can be located.

Mr. HUMPHREY. Mr. President, I observe that the Senator from Illinois has just come to the floor. May I ask the majority leader if it is his desire to proceed with the consideration of the conference report?

Mr. JOHNSON of Texas. Will the Senator from Minnesota yield, so that the question may be put?

Mr. HUMPHREY. I am happy to yield for that purpose.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

(Mr. HUMPHREY resumed and concluded his speech, which appears in its entirety on preceding pages of the RECORD.)

DEPARTMENT OF COMMERCE APPROPRIATIONS, 1956

The Senate resumed the consideration of the bill (H. R. 6367) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1956, and for other purposes.

Mr. HOLLAND. Mr. President, I had expected at this time to ask unanimous consent that the committee amendments be agreed to en bloc, and that the customary action in that connection, looking to the creation of a clean bill which would be subject to all amendments, might be taken. However, I find that there is objection to that course, so I suggest that the committee amendments be considered in order.

The PRESIDING OFFICER. The first committee amendment will be stated.

Summary of bill

Department or agency	Appropriations, 1955	Estimates, 1956	Recommended in House bill	Amount recommended by Senate committee	Increase (+) or decrease (—), Senate bill compared with—		
					Appropriations, 1955	Estimates, 1956	House bill
Title I—Department of Commerce.....	\$1,130,632,746	\$1,347,800,000	\$1,105,810,000	\$1,296,322,300	+\$165,689,554	—\$51,477,700	+\$190,512,300
Title II—The Canal Zone.....	15,433,000	16,898,000	16,300,000	16,600,000	+1,167,000	—298,000	+300,000
Title III—Independent agencies:							
Advisory Committee on Weather Control.....	120,000	295,000	175,000	295,000	+175,000	—	+120,000
St. Lawrence Seaway Development Corporation.....	(250,000)	(280,000)	(280,000)	(280,000)	(+30,000)	—	—
Tariff Commission.....	1,327,000	1,400,000	1,400,000	1,400,000	+73,000	—	—
Grand totals, titles I, II, and III.....	1,147,512,746	1,366,393,000	1,123,685,000	1,314,617,300	+167,104,554	—51,775,700	+190,932,300

TITLE I—DEPARTMENT OF COMMERCE

For the Department of Commerce, including the Civil Aeronautics Board, the committee recommends \$1,296,322,300, an increase of \$190,512,300 above the amount allowed by the House. The total, with comparisons of the amount recommended with the appropriations for fiscal year 1955 and with amounts allowed by the House of Representatives is shown in the accompanying summary table, showing the amounts allowed by title of the bill and by agency.

OFFICE OF THE SECRETARY

Salaries and expenses: The committee recommends \$2,217,300, an increase of \$45,300 over the amount allowed by the House, and over appropriations for comparable activities in fiscal year 1955. The amount recommended will make available for fiscal year 1956 for the immediate office of the Under Secretary for Transportation no more than

the amount made available for this activity in fiscal year 1955. The increase will provide funds to cover the full year cost in fiscal year 1956 of positions established in the Office of the Secretary during 1955, and for adding two positions in the Office of Budget and Management for improvement of accounting methods.

Aviation war risk insurance revolving fund: The language proposed is legislative, and its proper place appears to be in an amendment of the law, section 1306 of the act of June 14, 1951 (49 U. S. C. 716). The remedy should lie in recourse to the legislative committee having jurisdiction over the matter.

BUREAU OF THE CENSUS

The committee recommends \$7,100,000 for fiscal year 1956, an increase of \$900,000 above the current appropriation and above the House bill. Due to censuses taken in

The first amendment of the Committee on Appropriations was, under the heading "Title I—Department of Commerce—Office of the Secretary", on page 2, line 2, after "(not exceeding \$1,000)", to strike out "\$2,172,000" and insert "\$2,217,300."

The amendment was agreed to.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the report of the committee be printed in full at this point in the RECORD. I make the request so that with reference to any item on which no question is asked on the floor the report will give the answer the committee thought was adequate.

There being no objection, the report (No. 512) was ordered to be printed in the RECORD, as follows:

The Committee on Appropriations, to whom was referred the bill (H. R. 6367) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1956, and for other purposes, report the same to the Senate with various amendments and present herewith information relative to the changes made:

Amount of bill as passed House	\$1,123,685,000
Amount of increase by the Senate	190,932,300
Amount of bill as reported to Senate....	1,314,617,300
Amount of appropriations, 1955.....	1,147,512,746
Amount of the regular and supplemental estimates, 1956	1,366,393,000
The bill as reported to the Senate:	
Over the appropriations for 1955.....	167,104,554
Under the estimates for 1956	51,775,700

calendar year 1954, the need for certain annual surveys did not exist this year. This is reflected in the reduction of appropriation for the salaries and expenses of the Census Bureau from \$6,824,824 for comparable purposes in 1954 to \$6,200,000 in fiscal year 1955. With resumption of these activities required in fiscal year 1956, the committee feels that within a total of \$7,100,000 the Bureau should continue to improve statistics on employment, and should go forward in development of electronic machines adapted to its work which should speed results and reduce costs of the next decennial census.

The increases are distributed by project as follows:

Annual retail trade report.....	\$50,000
Annual survey of manufacturers....	150,000
Expanded population survey.....	500,000
Electronic equipment development..	200,000

Public Law 86 - 84th Congress

Chapter 169 - 1st Session

H. R. 1

AN ACT

To extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Trade Agreements Extension Act of 1955".

Trade Agree-
ments Extension
Act of 1955.

SEC. 2. The period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), is hereby extended from June 12, 1955, until the close of June 30, 1958.

68 Stat. 360.

SEC. 3. (a) Subsection (a) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is hereby amended to read as follows:

48 Stat. 943.

69 Stat. 162.

69 Stat. 163.

Authority of
President.

"(a) (1) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—

"(A) To enter into foreign trade agreements with foreign governments or instrumentalities thereof: *Provided*, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

61 Stat. pts.
5 and 6.

"(B) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder.

"(2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made—

Limitations
on duty
modifications.

"(A) Increasing by more than 50 per centum any rate of duty existing on January 1, 1945.

"(B) Transferring any article between the dutiable and free lists.

"(C) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, or with respect to which notice of intention to negotiate was published in the Federal Register on November 16, 1954, decreasing by more than 50 per centum any rate of duty existing on January 1, 1945.

"(D) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, decreasing (except

as provided in subparagraph (C) of this paragraph) any rate of duty below the lowest of the following rates:

“(i) The rate 15 per centum below the rate existing on January 1, 1955.

“(ii) In the case of any article subject to an ad valorem rate of duty above 50 per centum (or a combination of ad valorem rates aggregating more than 50 per centum), the rate 50 per centum ad valorem (or a combination of ad valorem rates aggregating 50 per centum). In the case of any article subject to a specific rate of duty (or a combination of rates including a specific rate) the ad valorem equivalent of which has been determined by the President to have been above 50 per centum during a period determined by the President to be a representative period, the rate 50 per centum ad valorem or the rate (or a combination of rates), however stated, the ad valorem equivalent of which the President determines would have been 50 per centum during such period. The standards of valuation contained in section 402 of this Act (as in effect during the representative period) shall be utilized by the President, to the maximum extent he finds such utilization practicable, in making the determinations under the preceding sentence.

69 Stat. 163.

69 Stat. 164.

Effectivity
of duty
modifications.

“(3) (A) Subject to the provisions of subparagraphs (B) and (C) of this paragraph, the provisions of any proclamation made under paragraph (1) (B) of this subsection, and the provisions of any proclamation of suspension under paragraph (4) of this subsection, shall be in effect from and after such time as is specified in the proclamation.

Decreases
in duty.

“(B) In the case of any decrease in duty to which paragraph (2) (D) of this subsection applies—

“(i) if the total amount of the decrease under the foreign trade agreement does not exceed 15 per centum of the rate existing on January 1, 1955, the amount of decrease becoming initially effective at one time shall not exceed 5 per centum of the rate existing on January 1, 1955:

“(ii) except as provided in clause (i), not more than one-third of the total amount of the decrease under the foreign trade agreement shall become initially effective at one time; and

“(iii) no part of the decrease after the first part shall become initially effective until the immediately previous part shall have been in effect for a period or periods aggregating not less than one year.

“(C) No part of any decrease in duty to which the alternative specified in paragraph (2) (D) (i) of this subsection applies shall become initially effective after the expiration of the three-year period which begins on July 1, 1955. If any part of such decrease has become effective, then for purposes of this subparagraph any time thereafter during which such part of the decrease is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining when the three-year period expires.

Authority
to exceed
limitation.

“(D) If (in order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955) the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed any limitation specified in paragraph (2) (C) or (D) of this subsection or subparagraph (B) of this paragraph by not more than whichever of the following is lesser:

“(i) The difference between the limitation and the next lower whole number, or

“(ii) One-half of 1 per centum ad valorem.

In the case of a specific rate (or of a combination of rates which includes a specific rate), the one-half of 1 per centum specified in clause (ii) of the preceding sentence shall be determined in the same manner as the ad valorem equivalent of rates not stated wholly in ad valorem terms is determined for the purposes of paragraph (2) (D) (ii) of this subsection.

“(4) Subject to the provisions of section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362), duties and other import restrictions proclaimed pursuant to this section shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly or indirectly: *Provided*, That the President shall, as soon as practicable, suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts (including the operations of international cartels) or policies which in his opinion tend to defeat the purpose of this section.

Applicability.
65 Stat. 73.

69 Stat. 164.

69 Stat. 165.

“(5) The President may at any time terminate, in whole or in part, any proclamation made pursuant to this section.”

(b) The last sentence of section 350 (b) of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (b)), is hereby amended to read as follows: “No rate of duty on products of Cuba shall be decreased—

Cuban products.
63 Stat. 698.

“(1) In order to carry out a foreign trade agreement entered into by the President before June 12, 1955, by more than 50 per centum of the rate of duty existing on January 1, 1945, with respect to products of Cuba.

“(2) In order to carry out a foreign trade agreement entered into by the President on or after June 12, 1955, below the applicable alternative specified in subsection (a) (2) (C) or (D) (subject to the provisions of subsection (a) (3) (B), (C), and (D)), each such alternative to be read for the purposes of this paragraph as relating to the rate of duty applicable to products of Cuba. With respect to products of Cuba, the limitation of subsection (a) (2) (D) (ii) may be exceeded to such extent as may be required to maintain an absolute margin of preference to which such products are entitled.”

(c) Subsection (c) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (c)), is hereby amended by inserting “(1)” after “(c)”, by striking out “(1)” and inserting in lieu thereof “(A)”, by striking out “(2)” and inserting in lieu thereof “(B)”, and by adding at the end thereof the following new paragraph:

Definitions.
48 Stat. 944.

“(2) For purposes of this section—

“(A) Except as provided in subsection (d), the terms ‘existing on January 1, 1945’ and ‘existing on January 1, 1955’ refer to rates of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on the date specified, except rates in effect by reason of action taken pursuant to section 5 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1362).

59 Stat. 411.
19 USC 1351 (d).

65 Stat. 73.

“(B) The term ‘existing’ without the specification of any date, when used with respect to any matter relating to the conclusion of, or proclamation to carry out, a foreign trade agreement, means existing on the day on which that trade agreement is entered into.”

(d) Section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), is hereby amended by adding at the end thereof the following new subsection:

48 Stat. 943.

Reports to
Congress.

“(e) (1) The President shall submit to the Congress an annual report on the operation of the trade agreements program, including information regarding new negotiations, modifications made in duties and import restrictions of the United States, reciprocal concessions obtained, modifications of existing trade agreements in order to effectuate more fully the purposes of the trade agreements legislation (including the incorporation therein of escape clauses), and other information relating to that program and to the agreements entered into thereunder.

“(2) The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the President under the authority of this section. The Tariff Commission, at least once a year, shall submit to the Congress a factual report on the operation of the trade-agreements program.”

69 Stat. 165.

69 Stat. 166.

65 Stat. 73.

SEC. 4. Subsection (b) of section 6 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1363 (b)), is hereby amended by striking out the second sentence thereof.

Escape clause
operation.

65 Stat. 74.

SEC. 5. The last sentence of subsection (a) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (a)), is amended to read as follows: “The Tariff Commission shall immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and shall cause a summary thereof to be published in the Federal Register.”

Publication
of findings
in FR.

SEC. 6. (a) Subsection (b) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (b)), is amended by adding at the end thereof the following: “Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed substantially towards causing or threatening serious injury to such industry.”

(b) Section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is amended by adding at the end thereof the following new subsection:

Definitions.

“(e) As used in this Act, the terms ‘domestic industry producing like or directly competitive products’ and ‘domestic industry producing like or directly competitive articles’ mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles in commercial quantities. In applying the preceding sentence, the Commission shall (so far as practicable) distinguish or separate the operations of the producing organizations involving the like or directly competitive products or articles referred to in such sentence from the operations of such organizations involving other products or articles.”

SEC. 7. Section 2 of the Act entitled “An Act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended”, approved July 1, 1954 (19 U. S. C., sec. 1352a), is hereby amended by inserting “(a)” after “SEC. 2.” and by adding at the end thereof a new subsection as follows:

68 Stat. 360.

“(b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made to determine the facts. If, on the basis of such investigation, and the report to him of the findings and recommendations made in connection therewith, the President finds that the article is being imported into the United States in such quantities as to threaten to impair the national security, he shall take such action as he deems necessary to adjust the imports of such article to a level that will not threaten to impair the national security.”.

ODM.
Reports on
imports im-
pairing nation-
al security.

Approved June 21, 1955.

